Port of Everett
Tax Increment Area

Project Analysis Report DRAFT

Port of Everett
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Acknowledgments

This report was prepared for the Port of Everett (Port) by Tiberius Solutions, a limited liability corporation headquartered in Portland, Oregon. Tiberius Solutions specializes in infrastructure funding and tax increment financing analysis, helping clients achieve their economic and financial goals.

Tiberius Solutions is not a registered municipal advisor as defined in Section 15B of the Securities Exchange Act, as amended by Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The contents of this report are intended to provide factual information and are not intended to be construed as advice or recommendations regarding any specific municipal financial products. The Port should discuss any information and material contained in this report with any and all internal or external advisors and experts that the Port deems appropriate before acting on this information.

Other firms that contributed to this report include:

- Elaine Howard Consulting, LLC led the Port's efforts for public outreach and community engagement on this project.
- Johnson Economics conducted technical analysis related to the forecast of future private development in the area, and economic impacts related to job creation and housing affordability.
- Northwest Municipal Advisors served as the Port's municipal advisor, providing advice on reasonable assumptions for the terms of future indebtedness.

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Summary

How Tax Increment Financing Works

In 2021, the Washington State Legislature passed House Bill 1189, allowing some municipalities (cities, counties, and ports) to establish Tax Increment Areas (TIAs) to fund public improvements that allow for new private development to occur.[1] Revised Code of Washington (RCW) 39.114 describes the legislative requirements for tax increment financing in Washington. Each TIA must have a clearly defined boundary and a list of public improvement projects to be funded in the area. Some of the property taxes generated by increases in assessed value in a TIA are allocated to the jurisdiction that establishes the TIA to help pay for the public projects in the area. The result is each TIA redirects some of the taxes that would have been collected by other taxing districts for the TIA projects instead. Revenues generated from the growth in assessed value within a TIA are not restricted by other RCW provisions that would otherwise limit the jurisdiction's levy amount to no more than 101 percent of the prior year's levy authority.

With a TIA, a local government can borrow money to fund important public projects in an area, and then pay back the cost of those projects with property tax revenues generated by the increased property value of new private development inside the TIA, rather than an increase in property tax on existing properties. TIAs can collect property taxes for no more than 25 years. The projects funded by a TIA are intended to stimulate new construction that occurs sooner or with higher values than would otherwise be expected to occur. Thus, some of the property taxes received by TIAs would not exist without the new public projects paid for by the TIA.

When a municipality establishes a TIA, the current value of property in the TIA is "frozen" and called the *base value*. Property taxes paid on the base value are paid as usual to the taxing districts that collect property taxes in the area. Over time, the property values in the TIA are expected to increase. Property value above the base value is called the *increment value*. Some property taxes paid on the increment value are distributed to the TIA, called *tax allocation revenues*. Some taxes, like school district excess levies, are identified in RCW as not impacted by TIAs. Thus, some taxing districts continue to receive taxes paid on the increment value, like usual.

Anticipated Public Improvements

The proposed Port of Everett (Port) TIA includes 459.9 acres, of which approximately 200 acres are tideflats. It is generally bordered by the Puget Sound Naval Complex to the south, West Marine View Drive/Hwy 529 to the east, the Snohomish River to the north, and Possession Sound to the west. The development of this area is vital to the Port's vision to create a balanced,

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[1] The tax increment financing program was subsequently amended by house bill 1527 in 2023.

active, and working waterfront. For this development to occur, the Port must complete many significant public projects, including:

- Infrastructure Improvements
- Public Access
- Government Services
- Environmental Improvements

The Port has already invested more than $315 million in improvements within the TIA over the last two decades. The cost of the projects included in the TIA is estimated to be $90.7 million in 2023 dollars, and tax allocation revenues from the proposed TIA would provide essential funding for these projects. When considering the impacts of inflation and interest on debt, the cost of the public projects would be more than the estimated amount of tax allocation revenues generated in the proposed TIA. The Port assumes some of the project costs would need to be paid for by additional funding sources.

Anticipated Private Development

The Port is aware of nine private projects that are either in process or have a developer on board, and an additional five speculative projects. The projects include commercial (restaurant, office, hotel, retail), mixed-use residential, and light industrial developments. These developments are expected to be constructed between 2024 and 2035, and are forecast to total $337.5 million in 2023 dollars and $545.5 million in nominal dollars.

Impacts to Taxing Districts

The proposed TIA is forecast to receive $22.2 million in tax allocation revenues over the course of 25 years, ending in 2049. This would result in an equal amount of “foregone” property tax revenues from impacted taxing district levies. However, RCW 84.55.010 allows taxing districts to increase the amount of their levy to account for growth in assessed value inside a TIA. This would result in slightly higher overall levy amounts and tax rates for impacted taxing districts. Thus, the net impact the TIA would have on taxing district levies is $21.1 million, which is less than the total amount of tax allocation revenues received. The proposed TIA would receive tax allocation revenues from the following levies:

- Snohomish County: Regular and Conservation Futures (0.10% of total revenue)
- City of Everett: Regular and EMS (0.81% of total revenue)
- Port of Everett Maintenance (0.76% of total revenue)
- Central Puget Sound Regional Transit Authority (0.15% of total revenue)

The following levies are not impacted by the proposed TIA, and therefore would receive additional property tax revenues from new private development in the proposed TIA as soon as construction is complete:

- State Schools (Part 1 and 2)
- Everett School District No. 2 (Bonds, Capital Projects, and Enrichment levies)

Economic Impacts

The proposed TIA is expected to generate substantial economic impacts for the local and regional economy. The infrastructure investments supported by the proposed TIA would support a significant level of development, with substantial employment from construction as well as ongoing business activity. The total estimated economic impacts (direct, indirect, and induced) from the construction phase are 4,406 FTE positions and $257.8 million in labor income (2023 dollars).

Following development, the completed structures are expected to generate ongoing impacts to the local and regional economy. Employees at the office and retail spaces that will be developed with the TIA are expected to generate income that would circulate in the local economy, supporting additional employment and tax revenues. The overall level of employment in the proposed TIA is estimated to increase by 943 FTE when completed and tenanted.

The remainder of this Report details all assumptions used for the analysis of the proposed TIA.

1 Background

1.1 Background and Purpose

The Port of Everett (Port) was originally formed in 1918 to create economic opportunities, generate jobs for the citizens, and protect the waterfront for the community. The Port has a long history of providing marine-related services and appropriate public access to the waterfront. The Port strives to bring quality jobs, business, and tourism opportunities to its local and surrounding communities, and is committed to enhancing, restoring, and preserving the overall environmental health of our waterfront through environmental remediation, pollution prevention and resiliency planning.

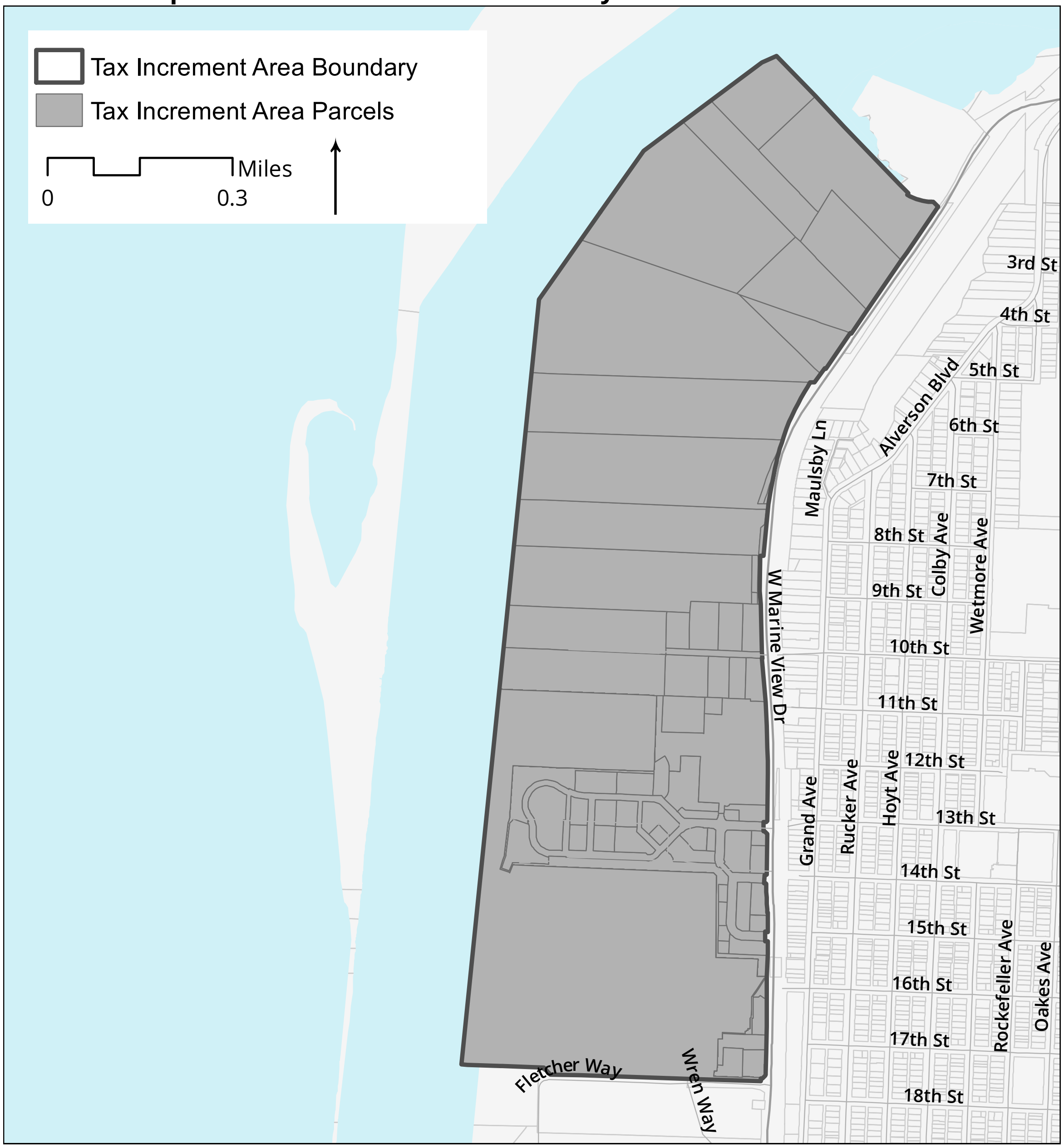
The Port operates three lines of business: (1) international shipping terminals; (2) marina facilities; and (3) real estate development. The Port operates eight shipping berths situated on approximately 125 acres of land, and specializes in handling high-value, conventional and overdimensional cargoes in support of the aerospace, military, construction, manufacturing, agriculture, energy and forest products industries. Most notably, the Port of Everett serves as an extension of the aerospace manufacturing process, accommodating all of the oversized aerospace parts for the 767, 777, 777X, K-C Tanker, and an additional manufacturing line for the 737 Max. The Port runs the largest public marina on the West Coast with more than 2,300 recreational boating slips and a 13-lane public boat launch facility. On the real estate side, the Port owns 3,300 acres of waterfront property, including Jetty Island, and works to return environmentally damaged property to productive use, restoring economic prosperity to the waterfront. The Port's properties also provide numerous public access and recreational opportunities for area residents and visitors to enjoy, supporting a vibrant, livable and balanced waterfront that generates economic and recreational opportunities.

Over the next 10 years the Port is expecting to spend over $200 million on improvements to increase economic activity at the destination marina and improve public access to waterfront property. Operating revenues are not sufficient to pay the total cost of the improvements, leading to the decision to seek additional funding sources to accelerate the process, providing the economic boost and public access amenities quicker than would otherwise be possible.

1.2 Boundary

Exhibit 1 shows a map of the boundary for the proposed Port of Everett Tax Increment Area (TIA), including all tax lots included within the boundary. The boundary includes 459.9 acres (approximately half are tideflats) and is generally bordered by the Puget Sound Naval Complex to the south, West Marine View Drive/Hwy 529 to the east, the Snohomish River to the north, and the Possession Sound to the west. All parcels are zoned Mixed Urban or Heavy Industrial. Excluding rights-of-way, parcels zoned Mixed Urban compose 57% of the acreage and 30% of the current taxable assessed real property value. Parcels zoned Light Industrial compose 43% of acreage and 70% of taxable assessed value.

Exhibit 1. Proposed Port of Everett TIA Boundary



Source: Tiberius Solutions with data from the Snohomish County Assessor's Office

Appendix A provides a list of all 239 tax accounts included within the proposed TIA boundary. These properties are located within tax code area 10. They have a combined market value of $356,019,500 and assessed value of $78,144,000 for tax year 2024.

RCW 39.114 establishes limits for the taxable assessed value of all property included within TIAs for a jurisdiction. When the ordinance establishing the TIA is passed, the TIA may not have an assessed valuation of more than $200 million or 20 percent of the total assessed valuation of the Port of Everett (whichever is less). The total assessed valuation of the Port in tax year 2024 was $26,302,793,788, which means that 20 percent of that assessed valuation is $5,260,558,758. Thus, $200 million is the applicable threshold for the maximum amount of assessed value that can be included in the proposed TIA. As stated previously, all of the tax lots within the proposed TIA boundary have a total taxable assessed value of $78,144,000. Thus, the proposed TIA boundary complies with the limitations on assessed value described in RCW. These calculations are shown below in Exhibit 2.

Exhibit 2. Calculations of Limitations on Assessed Value, Proposed Port of Everett TIA, Tax Year 2024

Total Assessed Value, Port of Everett	$ 26,302,793,788
20% of Total Assessed Value	$ 5,260,558,758
Statutory Limit	$ 200,000,000
Assessed Value of TIA	$ 78,144,000
In Compliance with RCW?	Yes
Remaining Capacity	$ 121,856,000

Source: Tiberius Solutions with data provided by the Snohomish County Assessor's Office

RCW 39.114 requires the Port to identify any property that it intends to acquire within the proposed TIA boundary. The Port is currently negotiating to acquire 5 tax parcels within the TIA (290507-004-011-00, 290507-004-012-00, 290507-004-013-00, 290507-004-014-00, and 290507-004-017-00)

1.3 Objectives

In alignment with its 2020 Strategic Plan and vision to create a balanced, active, and working waterfront, the Port has identified the following goals and objectives for the Tax Increment Area:[2]

Goal 1: Create economic opportunities and quality jobs and expand the tax base.

Objectives:

- Partner with the private and public sector to complete the buildout of the waterfront
- Utilize Port capital to stimulate leases and buildouts
- Invest in infrastructure that allows for full waterfront buildout

Goal 2: Increase quality of life for residents, businesses, and visitors.

Objectives:

- Facilitate increased access to the waterfront

[2] Goals and objectives for the TIA were informed by the Port of Everett Strategic Plan (2019), the City of Everett Shoreline Access Plan (2019), and the Port of Everett Boating Access & Public Facilities Plan (2018).

- Expand recreation opportunities
- Create a destination waterfront, leveraging the visitors and tourism to upland and in-water amenities to create a place for residents to live, work and play while welcoming area visitors, facilitating economic development via tourism
- Improve waterfront trail connections
- Improve the Jetty Landing and boat launch facility by upgrading it to a user-friendly and attractive recreational destination
- Bring public art and experiential activities to the waterfront

Goal 3: Remediate, protect, and enhance the environment at the waterfront.

Objectives:

- Revitalize and restore healthy land at the waterfront
- Protect water and air quality
- Restore valuable wildlife habitat
- Investing in clean energy vehicles and equipment
- Maintain the Clean Marina certification and continually monitor performance

Goal 4: Foster openness, accountability, and transparency with community members, neighbors, and partners.

Objectives:

Continue to advocate and improve regulatory framework, and communicate the benefits of a balanced Everett waterfront that values both the working waterfront, recreational waterfront and quality of life

- Continue to develop a deeper relationship with the community by illustrating the value the Port provides in the economy, community and environment through a variety of in-person, print, digital, and technological tools
- Maintain and enhance a variety of communication tools to reach diverse audiences, such as user-friendly website, social media, print and in-person communications
- Continue to foster strong intergovernmental relationships and community partnerships
- Continue to identify and seek grant funding and legislative changes individually and collectively to enhance the implementation of Port priorities and initiatives
- Continue to promote educational outreach opportunities, apprentice programs, job shadows and internships to ensure a strong workforce into the future

2 Anticipated Development

2.1 Public Improvements

The following public improvement projects may be funded in part or in whole by tax allocation revenues generated by the proposed TIA:

A. **Infrastructure Improvements Project.** This project may include, but is not limited to:
   - South Marina Destination Retail
   - 13th Street Electrification/Improvements
   - Waterfront Place Central infrastructure improvements
   - The Landing North Wharf
   - EV Charging for Public Parking Lots

B. **Public Access Project.** This project may include, but is not limited to:
   - Waterfront Place Central public access improvements
   - Kayak Launch Area
   - Public Parking
   - Boxcar Park Improvements
   - Guest Dock Dredging and Channelization
   - Guest Dock 2 Expansion
   - Jetty Landing improvements
   - Boat Launch Dredging
   - Jetty Island Dock Renovation
   - Public Art Program
   - Public Access Seasonal Enhancements

C. **Government Services Project.** This project may include, but is not limited to:
   - New Port Administration Building

D. **Environmental Improvements Project.** This project may include, but is not limited to:
   - Demolition of C2 building
   - Demolition of Seiner Pier
   - Creosote Pile Removal
   - Boat Launch Rinse Area Improvements

- Ameron Stormwater Improvements
- Ameron Cleanup
- JeldWen PLP Cleanup
- Maulsby Mudflat Beach (North Beach Access) and adaptive use
- JeldWen Shoreline Restoration

Eligible costs for public improvements are defined in RCW 39.114.010(6), and includes but is not limited to design, planning, acquisition, construction, and financing of public improvements. Exhibit 3 summarizes the estimated cost and prioritization for each of these public improvements projects. Collectively, these projects are estimated to cost $90.7 million in 2023 dollars.

Exhibit 3. Public Improvements to be Funded with Tax Allocation Revenues, Proposed Port of Everett TIA

Project Category	Estimated Project Cost (2023$) Years 1-4	Years 5-8	Years 9-11	Total
Infrastructure Improvements	$ 29,000,000	$ 900,000	$ -	**$ 29,900,000**
Public Access	$ 31,400,000	$ 4,000,000	$ 400,000	**$ 35,800,000**
Government Services	$ -	$ 10,000,000	$ -	**$ 10,000,000**
Environmental Improvements	$ 3,300,000	$ 7,000,000	$ 4,700,000	**$ 15,000,000**
Total	**$ 63,700,000**	**$ 21,900,000**	**$ 5,100,000**	**$ 90,700,000**

Source: Port of Everett

RCW 39.114.020 requires the Port to impose a deadline by which commencement of construction of the public improvements shall begin, “which deadline must be at least five years into the future…" Thus, for the proposed Port of Everett TIA, the deadline for construction of public improvements to begin is 2029.

2.2 Private Development

Exhibit 4 and Exhibit 5 summarize the value and timing of private development forecast to occur in the proposed TIA. The total assessed value of the new development is estimated to be $377.5 million in 2023 dollars, and $545.6 million in nominal dollars. As of the writing of this report, the Port is aware of nine projects that are either in process or have a developer on board, and an additional five speculative projects. The projects include commercial (restaurant, office, hotel, retail), mixed-use residential, and light industrial developments. These developments are expected to be constructed between 2024 and 2035.

This analysis assumes that the three mixed-use developments, which would be majority multifamily housing, would qualify for the City of Everett’s Multifamily Tax Exemption (MFTE) program, which is authorized by RCW 84.14 to incentivize residential construction in urban centers. The City of Everett has designated certain residential target areas, where new construction of multifamily housing is eligible for MFTE benefits. To qualify, projects must include at least 16 new multifamily units, with at least 50% of the space dedicated to permanent housing. The program offers two tiers of benefits: an 8-year exemption and a 12-year exemption. There are no affordability restrictions to receive the 8-year exemption. However, to qualify for a 12-year exemption, projects must meet certain thresholds for housing affordability, as described in City code. Because mixed-use developments in the TIA are expected to occur within a residential target area and meet the qualifications for the 8-year, but not 12-year, exemption, this analysis assumes that all three mixed-use developments would qualify for the 8-year MFTE benefit. Only the residential portion of these mixed-use developments would be exempt. The commercial portion of the development would be taxed regularly.

In addition, there are two apartment buildings in the proposed TIA boundary that are currently receiving 8-year MFTE exemptions. Upon expiration of the MFTE benefits, the assessed value of the residential portion of the buildings will be added back to the tax roll and would increase the assessed value in the proposed TIA.

When new projects complete construction, there is a delay before that increase in assessed value is reflected on the tax roll. This evaluation conservatively assumes that new construction in the proposed TIA is added to the tax roll two years after construction is completed. Property value that qualifies for the MFTE exemption would have an additional eight-year delay (ten years after construction is completed) before being added to the tax roll.

Exhibit 4. Summary of Estimated Private Development, Proposed Port of Everett TIA (2023 $)

Year on Tax Roll	Expiring MFTE Exemptions	In Process/Have Developer	Speculative	Total
2025	$ -	$ -	$ -	$ -
2026	$ -	$ -	$ -	$ -
2027	$ -	$ 7,540,000	$ -	$ 7,540,000
2028	$ -	$ 10,850,000	$ -	$ 10,850,000
2029	$ 27,690,000	$ 58,800,000	$ -	$ 86,490,000
2030	$ 27,720,000	$ 31,700,000	$ -	$ 59,420,000
2031	$ -	$ -	$ 470,000	$ 470,000
2032	$ -	$ -	$ 53,460,000	$ 53,460,000
2033	$ -	$ -	$ -	$ -
2034	$ -	$ 2,380,000	$ 15,760,000	$ 18,140,000
2035	$ -	$ -	$ -	$ -
2036	$ -	$ 69,370,000	$ -	$ 69,370,000
2037	$ -	$ -	$ -	$ -
2038	$ -	$ -	$ -	$ -
2039	$ -	$ -	$ 30,140,000	$ 30,140,000
2040	$ -	$ -	$ 41,620,000	$ 41,620,000
2041	$ -	$ -	$ -	$ -
2042	$ -	$ -	$ -	$ -
2043	$ -	$ -	$ -	$ -
2044	$ -	$ -	$ -	$ -
2045	$ -	$ -	$ -	$ -
Total	**$ 55,410,000**	**$ 180,640,000**	**$ 141,450,000**	**$ 377,500,000**

Source: Tiberius Solutions with data and input from Port of Everett and Snohomish County Assessor's Office

Exhibit 5. Summary of Estimated Private Development, Proposed Port of Everett TIA (Nominal $)

Year on Tax Roll	Expiring MFTE Exemptions	In Process/Have Developer	Speculative	Total
2025	$ -	$ -	$ -	$ -
2026	$ -	$ -	$ -	$ -
2027	$ -	$ 8,500,000	$ -	$ 8,500,000
2028	$ -	$ 12,700,000	$ -	$ 12,700,000
2029	$ 33,700,000	$ 71,500,000	$ -	$ 105,200,000
2030	$ 35,100,000	$ 40,100,000	$ -	$ 75,200,000
2031	$ -	$ -	$ 600,000	$ 600,000
2032	$ -	$ -	$ 73,200,000	$ 73,200,000
2033	$ -	$ -	$ -	$ -
2034	$ -	$ 3,500,000	$ 23,300,000	$ 26,800,000
2035	$ -	$ -	$ -	$ -
2036	$ -	$ 111,100,000	$ -	$ 111,100,000
2037	$ -	$ -	$ -	$ -
2038	$ -	$ -	$ -	$ -
2039	$ -	$ -	$ 54,300,000	$ 54,300,000
2040	$ -	$ -	$ 78,000,000	$ 78,000,000
2041	$ -	$ -	$ -	$ -
2042	$ -	$ -	$ -	$ -
2043	$ -	$ -	$ -	$ -
2044	$ -	$ -	$ -	$ -
2045	$ -	$ -	$ -	$ -
Total	**$ 68,800,000**	**$ 247,400,000**	**$ 229,400,000**	**$ 545,600,000**

Source: Tiberius Solutions with data and input from Port of Everett and Snohomish County Assessor's Office

2.3 Impact of Public Projects on Private Development

The development assumptions included in this analysis reflect a scenario where the TIA provides funding for a portion of the public projects identified in this report. Without these vital infrastructure improvements, we do not anticipate significant new construction to occur within the proposed TIA boundary in the near future. The private development forecast in this analysis would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements. The increase in assessed value within the tax increment area that could reasonably be expected to occur without the proposed public improvements would be less than the increase in the assessed value estimated to result from the proposed development with the proposed public improvements. In addition, construction on the waterfront has additional complications and costs that are not typically found in upland construction, including additional environmental restrictions, height restrictions, and public access restrictions, that private developers are not able to absorb. The Port projects are designed to remove these additional complications and attract private developers and capital to an otherwise underdeveloped area. Finally, as a less than county wide port, there is not sufficient tax revenue to develop these projects without the additional funds provided by the TIA.

3 Finance Plan

3.1 Forecast of Tax Allocation Revenues

Tax allocation revenues generated within the proposed TIA would provide a critical source of funding to pay for the public improvements identified in this report. The TIA is expected to take effect on June 1, 2024, following the adoption of the resolution establishing the proposed TIA. Based on this timing, the first year the proposed TIA would be eligible to receive tax allocation revenues is 2025.

The duration of the proposed TIA shall be no more than 25 years after the first year in which tax allocation revenues are collected. This analysis assumes that the final year the proposed TIA would be eligible to receive tax allocation revenues is 2049. In the remainder of this section, the assumptions and methods for forecasting future tax allocation revenues are described.

Determine the Annual Levy Rates

Property tax levies included in the calculation of tax allocation revenues are limited to “regular property taxes” as defined in RCW 84.04.140, except regular property taxes levied by port districts and public utility districts to repay general obligation debt and regular property taxes levied by the state for the support of common schools. Regular property taxes also do not include any levies that are exempt from aggregate limits for junior/senior limits in RCW 84.52.043 or excess property taxes levied by local school districts.

Exhibit 6 shows the regular property tax levies that are included in the calculation of tax allocation revenues for the proposed TIA, and the rates associated with each of these levies in 2023. The proposed TIA is solely within tax code area 10.

Exhibit 6. Levies Included in Calculation of Tax Allocation Revenues, Proposed Port of Everett TIA, Tax Year 2023

Taxing District	2023 Levy Rate (Per $1,000 AV)
Snohomish County Regular	$ 0.457479
Snohomish County Conservation Futures	$ 0.019971
City of Everett	$ 1.512064
City of Everett - EMS Permanent 2001-On	$ 0.371554
Port of Everett Maintenance	$ 0.185256
Central Puget Sound Regional Transit Authority	$ 0.155760
Total	**$ 2.702083**

Source: Tiberius Solutions with data provided by the Snohomish County Assessor's Office

These levy rates are expected to change over time, based on increases in each jurisdiction's levy authority and changes in assessed value of property within those jurisdictions. Historically, these tax rates have decreased over time, as growth in assessed value has outpaced growth in levy authority. This analysis assumes that those historical trends would continue, with rates decreasing over time.

To forecast future changes in tax rates for jurisdictions impacted by the proposed TIA, we forecast growth in assessed value for each jurisdiction, distinguishing between growth from appreciation of existing property and growth from new construction. Recent historical trends for assessed value growth in Snohomish County have been unsustainably high and are unrealistic to assume will continue for the 25-year duration of the proposed TIA. Instead, we look at long-term historical trends for per capita personal income growth as the basis for forecasting appreciation of existing property values, and we look at forecasts of population growth as the basis for forecasting the increase in assessed value from new construction.

Historically, per capita personal income growth has been strongly correlated with growth in property values. Data from the Federal Reserve for personal income growth in Snohomish County shows that after high personal income growth in the 1970s and early 1980s (up to 13%) the five-year rolling average from 1985 to 2021 was between 1.9% and 6.6% per year, and 4.4% on average.[3] Growth in recent years was on the high end of this range, but that rapid growth is unlikely to be sustainable in the future. Based on the long-term trends, we assume average annual growth of 4.0% for personal income, and thus 4.0% annual growth in assessed value from appreciation of existing properties for all years of the forecast period.

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U.S. Bureau of Economic Analysis, Per Capita Personal Income in Snohomish County, WA [PCPI53061], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PCPI53061, October 5, 2023.

Assessed value growth from new construction is correlated with population growth. The most recent State Growth Management Act (GMA) population forecasts for Snohomish County were published in 2022 and cover the period from 2025 to 2050.[4] This forecast calls for gradual slowing of population growth in the County, with an average annual growth rate of 1.2% through 2030, 1.1% from through 2035, 1.0% through 2042, and 0.9% in 2050. We apply those same percentage growth assumptions to our forecast of assessed value from new construction countywide (and apply the 1.2% growth rate for the years before this forecast, 2023-2025). This forecast of future growth in assessed value from new construction countywide is not directly tied to forecasts of construction activity within the proposed TIA, as the annual growth in assessed value in the proposed TIA is estimated to be only a fraction of the total forecast countywide over the 25-year forecast period.

Exhibit 7 shows the forecast of future levy rates applicable for the proposed TIA. The total applicable levy rate for the proposed TIA is forecast to decrease from $2.702083 in 2023 to $1.272708 in 2049. This analysis assumes that no potential future levies or levy lid lifts would be approved by voters.

[4] OFM – Forecasting & Research, Projections of the Total Resident Population for Growth Management, 2022 GMA Projections – Middle Series, Snohomish County

Exhibit 7. Forecast of Future Levy Rates, Proposed Port of Everett TIA

Tax Year	County Regular	County Conservation Futures	City of Everett	Everett - EMS Permanent 2001-On	Port of Everett Maintenance	Puget Sound Regional Transit	Total
2023	$ 0.457479	$ 0.019971	$ 1.512064	$ 0.371554	$ 0.185256	$ 0.155760	**$ 2.702083**
2024	$ 0.444433	$ 0.019401	$ 1.468944	$ 0.360958	$ 0.179973	$ 0.151318	**$ 2.625027**
2025	$ 0.431765	$ 0.018848	$ 1.427209	$ 0.350703	$ 0.174858	$ 0.147006	**$ 2.550389**
2026	$ 0.419452	$ 0.018311	$ 1.386509	$ 0.340702	$ 0.169872	$ 0.142814	**$ 2.477659**
2027	$ 0.407490	$ 0.017788	$ 1.346970	$ 0.330986	$ 0.165028	$ 0.138741	**$ 2.407003**
2028	$ 0.395870	$ 0.017281	$ 1.308571	$ 0.321550	$ 0.160323	$ 0.134785	**$ 2.338381**
2029	$ 0.384582	$ 0.016788	$ 1.271273	$ 0.312385	$ 0.155753	$ 0.130942	**$ 2.271723**
2030	$ 0.373620	$ 0.016310	$ 1.235160	$ 0.303511	$ 0.151328	$ 0.127211	**$ 2.207139**
2031	$ 0.362959	$ 0.015844	$ 1.199996	$ 0.294870	$ 0.147019	$ 0.123581	**$ 2.144269**
2032	$ 0.352598	$ 0.015392	$ 1.165743	$ 0.286454	$ 0.142822	$ 0.120054	**$ 2.083064**
2033	$ 0.342537	$ 0.014953	$ 1.132545	$ 0.278296	$ 0.138754	$ 0.116629	**$ 2.023714**
2034	$ 0.332759	$ 0.014526	$ 1.100218	$ 0.270352	$ 0.134794	$ 0.113299	**$ 1.965948**
2035	$ 0.323262	$ 0.014112	$ 1.068837	$ 0.262641	$ 0.130949	$ 0.110066	**$ 1.909866**
2036	$ 0.314026	$ 0.013708	$ 1.038299	$ 0.255137	$ 0.127207	$ 0.106921	**$ 1.855299**
2037	$ 0.305057	$ 0.013317	$ 1.008719	$ 0.247869	$ 0.123583	$ 0.103868	**$ 1.802411**
2038	$ 0.296341	$ 0.012936	$ 0.979898	$ 0.240787	$ 0.120052	$ 0.100900	**$ 1.750914**
2039	$ 0.287874	$ 0.012567	$ 0.951901	$ 0.233907	$ 0.116622	$ 0.098018	**$ 1.700888**
2040	$ 0.279650	$ 0.012208	$ 0.924737	$ 0.227232	$ 0.113293	$ 0.095218	**$ 1.652338**
2041	$ 0.271662	$ 0.011859	$ 0.898360	$ 0.220751	$ 0.110062	$ 0.092498	**$ 1.605191**
2042	$ 0.263900	$ 0.011520	$ 0.872693	$ 0.214444	$ 0.106917	$ 0.089855	**$ 1.559329**
2043	$ 0.256353	$ 0.011191	$ 0.847735	$ 0.208311	$ 0.103859	$ 0.087286	**$ 1.514734**
2044	$ 0.249021	$ 0.010871	$ 0.823491	$ 0.202353	$ 0.100889	$ 0.084789	**$ 1.471415**
2045	$ 0.241900	$ 0.010560	$ 0.799941	$ 0.196566	$ 0.098004	$ 0.082364	**$ 1.429335**
2046	$ 0.234982	$ 0.010258	$ 0.777063	$ 0.190945	$ 0.095201	$ 0.080009	**$ 1.388458**
2047	$ 0.228262	$ 0.009964	$ 0.754841	$ 0.185484	$ 0.092478	$ 0.077721	**$ 1.348750**
2048	$ 0.221734	$ 0.009679	$ 0.733253	$ 0.180180	$ 0.089834	$ 0.075498	**$ 1.310178**
2049	$ 0.215392	$ 0.009403	$ 0.712283	$ 0.175027	$ 0.087265	$ 0.073339	**$ 1.272708**

Source: Tiberius Solutions

Forecast Future Assessed Value in TIA

Future growth in assessed value in the proposed TIA would come from new construction and the appreciation of existing property. This report assumes 4.0% annual growth assessed value for existing property value, based on long-term trends in personal income for Snohomish County as described above.

As stated previously, much of the new construction forecast to occur in the proposed TIA is predicated on the Port providing adequate infrastructure, including the projects identified in this report. The expected increases in assessed value from new construction anticipated to occur in the proposed TIA over its lifetime were shown previously in Exhibit 4.

Exhibit 8 summarizes all of the anticipated increases in assessed value from new construction. This exhibit includes the value of new development in both constant 2023 dollars and nominal dollars, which account for appreciation of property values between now and when the projects complete construction.[5] Assuming annual appreciation of 4.0% as described above, the total increase in assessed value from new construction in estimated to be $377.5 million constant 2023 dollars, and $545.7 million in nominal dollars.

Exhibit 8. Assessed Value from New Construction, Proposed Port of Everett TIA

Year on	Taxable Assessed Value	
Tax Roll	**2023 $**	**Nominal $**
2025	$ -	$ -
2026	$ -	$ -
2027	$ 7,540,000	$ 8,500,000
2028	$ 10,850,000	$ 12,700,000
2029	$ 86,490,000	$ 105,200,000
2030	$ 59,420,000	$ 75,200,000
2031	$ 470,000	$ 600,000
2032	$ 53,460,000	$ 73,200,000
2033	$ -	$ -
2034	$ 18,140,000	$ 26,800,000
2035	$ -	$ -
2036	$ 69,370,000	$ 111,100,000
2037	$ -	$ -
2038	$ -	$ -
2039	$ 30,140,000	$ 54,300,000
2040	$ 41,620,000	$ 78,000,000
2041	$ -	$ -
2042	$ -	$ -
2043	$ -	$ -
2044	$ -	$ -
2045	$ -	$ -
Total	**$ 377,500,000**	**$ 545,500,000**

Source: Tiberius Solutions with data and input from the Port of Everett and the Snohomish County Assessor's Office

In addition to increases in assessed value from new construction, all property values in the proposed TIA are estimated to increase by 4.0% per year from appreciation. Exhibit 9 summarizes the forecast total growth in assessed value in the TIA from new construction and appreciation. The total assessed value of property in the proposed TIA is forecast to grow from $78.1 million in 2024 to $1.2 billion in 2049, the final year the proposed TIA would be eligible to receive tax allocation revenue.

[5] Note that no additional inflation is assumed between the date the construction is completed and the date the increased value appears on the tax roll based on conversations with county assessors in Washington.

Exhibit 9. Assessed Value Forecast, Proposed Port of Everett TIA (Nominal $)

Tax Year	Prior Year	PLUS: Appreciation of Existing Property	PLUS: New Construction	Total
2024				**$ 78,144,000**
2025	$ 78,144,000	$ 3,125,760	$ -	**$ 81,269,760**
2026	$ 81,269,760	$ 3,250,790	$ -	**$ 84,520,550**
2027	$ 84,520,550	$ 3,380,822	$ 8,473,855	**$ 96,375,227**
2028	$ 96,375,227	$ 3,855,009	$ 12,691,607	**$ 112,921,843**
2029	$ 112,921,843	$ 4,516,874	$ 105,223,516	**$ 222,662,233**
2030	$ 222,662,233	$ 8,906,489	$ 75,183,358	**$ 306,752,080**
2031	$ 306,752,080	$ 12,270,083	$ 618,650	**$ 319,640,813**
2032	$ 319,640,813	$ 12,785,633	$ 73,155,631	**$ 405,582,077**
2033	$ 405,582,077	$ 16,223,283	$ -	**$ 421,805,360**
2034	$ 421,805,360	$ 16,872,214	$ 26,849,115	**$ 465,526,689**
2035	$ 465,526,689	$ 18,621,068	$ -	**$ 484,147,757**
2036	$ 484,147,757	$ 19,365,910	$ 111,068,563	**$ 614,582,230**
2037	$ 614,582,230	$ 24,583,289	$ -	**$ 639,165,519**
2038	$ 639,165,519	$ 25,566,621	$ -	**$ 664,732,140**
2039	$ 664,732,140	$ 26,589,286	$ 54,269,348	**$ 745,590,774**
2040	$ 745,590,774	$ 29,823,631	$ 77,960,705	**$ 853,375,110**
2041	$ 853,375,110	$ 34,135,004	$ -	**$ 887,510,114**
2042	$ 887,510,114	$ 35,500,405	$ -	**$ 923,010,519**
2043	$ 923,010,519	$ 36,920,421	$ -	**$ 959,930,940**
2044	$ 959,930,940	$ 38,397,238	$ -	**$ 998,328,178**
2045	$ 998,328,178	$ 39,933,127	$ -	**$ 1,038,261,305**
2046	$ 1,038,261,305	$ 41,530,452	$ -	**$ 1,079,791,757**
2047	$ 1,079,791,757	$ 43,191,670	$ -	**$ 1,122,983,427**
2048	$ 1,122,983,427	$ 44,919,337	$ -	**$ 1,167,902,764**
2049	$ 1,167,902,764	$ 46,716,111	$ -	**$ 1,214,618,875**

Note: Dollar values in this summary exhibit may differ than other exhibits in the report due to rounding
Source: Tiberius Solutions

Forecast of Tax Allocation Revenues

Exhibit 10 shows the forecast of annual tax allocation revenues, combining the forecasts of future assessed value in the proposed TIA and applicable tax rates. Annual tax allocation revenues are expected to be $7,972 in 2025, increasing to over $1.4 million in its final year in 2049. Total tax allocation revenue over 25 years is expected to equal $22.2 million.

Exhibit 10. Tax Allocation Revenues, Proposed Port of Everett TIA (Nominal $)

Tax	Assessed Value				Tax Allocation
Year	Total	Base Value	Increment	Levy Rate	Revenues
2024	$ 78,144,000	$ 78,144,000	$ -	$ 2.625027	$ -
2025	$ 81,269,760	$ 78,144,000	$ 3,125,760	$ 2.550389	$ 7,972
2026	$ 84,520,550	$ 78,144,000	$ 6,376,550	$ 2.477659	$ 15,799
2027	$ 96,375,227	$ 78,144,000	$ 18,231,227	$ 2.407003	$ 43,883
2028	$ 112,921,843	$ 78,144,000	$ 34,777,843	$ 2.338381	$ 81,324
2029	$ 222,662,233	$ 78,144,000	$ 144,518,233	$ 2.271723	$ 328,305
2030	$ 306,752,080	$ 78,144,000	$ 228,608,080	$ 2.207139	$ 504,570
2031	$ 319,640,814	$ 78,144,000	$ 241,496,814	$ 2.144269	$ 517,834
2032	$ 405,582,078	$ 78,144,000	$ 327,438,078	$ 2.083064	$ 682,074
2033	$ 421,805,361	$ 78,144,000	$ 343,661,361	$ 2.023714	$ 695,472
2034	$ 465,526,690	$ 78,144,000	$ 387,382,690	$ 1.965948	$ 761,574
2035	$ 484,147,757	$ 78,144,000	$ 406,003,757	$ 1.909866	$ 775,413
2036	$ 614,582,230	$ 78,144,000	$ 536,438,230	$ 1.855299	$ 995,253
2037	$ 639,165,519	$ 78,144,000	$ 561,021,519	$ 1.802411	$ 1,011,192
2038	$ 664,732,140	$ 78,144,000	$ 586,588,140	$ 1.750914	$ 1,027,066
2039	$ 745,590,774	$ 78,144,000	$ 667,446,774	$ 1.700888	$ 1,135,252
2040	$ 853,375,110	$ 78,144,000	$ 775,231,110	$ 1.652338	$ 1,280,944
2041	$ 887,510,115	$ 78,144,000	$ 809,366,115	$ 1.605191	$ 1,299,187
2042	$ 923,010,519	$ 78,144,000	$ 844,866,519	$ 1.559329	$ 1,317,425
2043	$ 959,930,940	$ 78,144,000	$ 881,786,940	$ 1.514734	$ 1,335,673
2044	$ 998,328,178	$ 78,144,000	$ 920,184,178	$ 1.471415	$ 1,353,973
2045	$ 1,038,261,305	$ 78,144,000	$ 960,117,305	$ 1.429335	$ 1,372,329
2046	$ 1,079,791,757	$ 78,144,000	$ 1,001,647,757	$ 1.388458	$ 1,390,746
2047	$ 1,122,983,427	$ 78,144,000	$ 1,044,839,427	$ 1.348750	$ 1,409,227
2048	$ 1,167,902,764	$ 78,144,000	$ 1,089,758,764	$ 1.310178	$ 1,427,777
2049	$ 1,214,618,875	$ 78,144,000	$ 1,136,474,875	$ 1.272708	$ 1,446,401
Total					**$ 22,216,665**

Source: Tiberius Solutions

Factors Affecting the Accuracy of the Forecast

The biggest factor affecting the accuracy of the tax allocation revenues forecast is the value and timing of new construction in the proposed TIA. The amount of future tax allocation revenues is, in part, dependent upon new construction. If that construction occurs on a different schedule, or with different values than has been assumed, it could impact the accuracy of the forecast.

In addition to the timing and value of new construction, actual tax allocation revenues for the proposed TIA would depend upon the actual appreciation/depreciation in assessed value in the area as well as the actual levy rates imposed. There is significant uncertainty with these factors over the next 25 years. However, these factors are related in ways that help to provide some confidence for this forecast. Changes in property values in the proposed TIA from appreciation/depreciation are likely to follow a similar pattern to changes in property values from appreciation/depreciation countywide. And, those countywide changes in appreciation/depreciation would determine annual changes in the levy rates imposed.

If property values increase faster than forecast, it would result in lower levy rates and a similar forecast of annual tax allocation revenues. Similarly, if property values increase slower than forecast (or decrease), it would result in higher levy rates and a similar forecast of annual tax allocation revenues.

The accuracy of the tax allocation revenues forecast is more impacted by the **relative** growth in assessed value within the proposed TIA versus countywide. In theory, rates of appreciation/depreciation in these two geographies should be similar over time. However, if they do differ, it has the potential to significantly impact the tax allocation revenues forecast. If properties within the proposed TIA appreciate faster than the county as a whole, it would lead to more tax allocation revenues than what is forecasted. Conversely, if properties within the proposed TIA appreciate slower than the county as a whole, it would lead to less tax allocation revenues than what is forecasted.

Impact on Overlapping Tax Levies

Tax allocation revenues are generated through the reallocation of tax levies. In other words, the financial impact of the proposed TIA is primarily borne by the affected, overlapping taxing districts. These impacts occur as “foregone” tax revenues. Thus, these jurisdictions are not losing revenue relative to what they collect today, but instead these districts would temporarily forego the future increase in revenue generated within the proposed TIA. Once the proposed TIA ceases to collect tax allocation revenues (limited to no more than 25 years), then these impacted jurisdictions would begin to receive the full amount of annual taxes from the new construction that has occurred within the proposed TIA.

RCW 84.55.010 allows taxing districts to increase the amount of their levy to account for growth in assessed value inside a TIA. This would result in slightly higher overall levy amounts and tax rates for impacted taxing districts. Thus, the net impact the TIA would have on taxing district levies is less than the total amount of tax allocation revenues received.

Exhibit 11 summarizes the annual tax revenues forecast to be foregone by the affected taxing districts. All jurisdictions are collectively expected to forego $21,139,136 in tax revenue over the life of the proposed TIA. While this is a significant amount of foregone tax revenues, much of this private development would not be expected to occur within this area without the public investments proposed to be funded by the proposed TIA. Thus, a portion of these foregone revenues likely would not exist but for the investments made by the proposed TIA. Following the expiration of the proposed TIA, these revenues would be redirected to the overlapping taxing districts.

Exhibit 11. Impact on Overlapping Tax Levies, Proposed Port of Everett TIA (Nominal $)

Tax Year	County Regular	County Conservation Futures	City of Everett	City of Everett - EMS Permanent 2001-On	Port of Everett Maintenance	Central Puget Sound Regional Transit Authority	Total
2023	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
2024	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
2025	$ 40	$ 2	$ 130	$ 32	$ 16	$ 13	**$ 233**
2026	$ (1,254)	$ (55)	$ (4,146)	$ (1,019)	$ (508)	$ (427)	**$ (7,410)**
2027	$ (5,977)	$ (261)	$ (19,757)	$ (4,855)	$ (2,421)	$ (2,035)	**$ (35,306)**
2028	$ (12,145)	$ (530)	$ (40,146)	$ (9,865)	$ (4,919)	$ (4,135)	**$ (71,740)**
2029	$ (53,719)	$ (2,345)	$ (177,575)	$ (43,635)	$ (21,756)	$ (18,290)	**$ (317,320)**
2030	$ (81,893)	$ (3,575)	$ (270,732)	$ (66,526)	$ (33,169)	$ (27,883)	**$ (483,778)**
2031	$ (82,935)	$ (3,620)	$ (274,196)	$ (67,377)	$ (33,593)	$ (28,238)	**$ (489,959)**
2032	$ (110,626)	$ (4,829)	$ (365,746)	$ (89,873)	$ (44,810)	$ (37,666)	**$ (653,551)**
2033	$ (111,754)	$ (4,878)	$ (369,498)	$ (90,795)	$ (45,269)	$ (38,050)	**$ (660,245)**
2034	$ (122,815)	$ (5,361)	$ (406,070)	$ (99,782)	$ (49,750)	$ (41,817)	**$ (725,595)**
2035	$ (124,668)	$ (5,442)	$ (412,206)	$ (101,290)	$ (50,502)	$ (42,448)	**$ (736,556)**
2036	$ (161,745)	$ (7,061)	$ (534,796)	$ (131,413)	$ (65,521)	$ (55,072)	**$ (955,607)**
2037	$ (162,902)	$ (7,111)	$ (538,663)	$ (132,364)	$ (65,994)	$ (55,466)	**$ (962,499)**
2038	$ (165,421)	$ (7,221)	$ (546,992)	$ (134,410)	$ (67,014)	$ (56,324)	**$ (977,383)**
2039	$ (183,561)	$ (8,013)	$ (606,975)	$ (149,150)	$ (74,363)	$ (62,500)	**$ (1,084,563)**
2040	$ (207,416)	$ (9,054)	$ (685,876)	$ (168,538)	$ (84,030)	$ (70,623)	**$ (1,225,536)**
2041	$ (209,434)	$ (9,143)	$ (692,580)	$ (170,185)	$ (84,851)	$ (71,310)	**$ (1,237,502)**
2042	$ (212,309)	$ (9,268)	$ (702,086)	$ (172,521)	$ (86,015)	$ (72,289)	**$ (1,254,487)**
2043	$ (215,192)	$ (9,394)	$ (711,620)	$ (174,864)	$ (87,183)	$ (73,271)	**$ (1,271,524)**
2044	$ (218,080)	$ (9,520)	$ (721,171)	$ (177,211)	$ (88,353)	$ (74,254)	**$ (1,288,590)**
2045	$ (220,974)	$ (9,646)	$ (730,741)	$ (179,562)	$ (89,526)	$ (75,239)	**$ (1,305,689)**
2046	$ (223,874)	$ (9,773)	$ (740,331)	$ (181,919)	$ (90,701)	$ (76,227)	**$ (1,322,824)**
2047	$ (226,781)	$ (9,900)	$ (749,944)	$ (184,281)	$ (91,878)	$ (77,217)	**$ (1,340,000)**
2048	$ (229,695)	$ (10,027)	$ (759,581)	$ (186,649)	$ (93,059)	$ (78,209)	**$ (1,357,219)**
2049	$ (232,617)	$ (10,155)	$ (769,245)	$ (189,024)	$ (94,243)	$ (79,204)	**$ (1,374,487)**
Total	**$ (3,577,746)**	**$ (156,182)**	**$ (11,830,542)**	**$ (2,907,075)**	**$ (1,449,412)**	**$ (1,218,180)**	**$ (21,139,136)**

Source: Tiberius Solutions

Not all overlapping taxing districts would be impacted by the proposed TIA. The following property tax levies would be **excluded** from the calculation of tax allocation revenues:

- State Schools (Part 1 and 2)
- Everett School District No. 2 (Bonds, Capital Projects, and Enrichment levies)

All taxing districts listed above, whose rates would be **excluded** in the calculation of tax allocation revenues, would not experience any foregone revenues from the proposed TIA. This includes Everett School District No. 2. For these jurisdictions, the proposed TIA would generate increased property tax revenues once the anticipated private development comes on the tax roll, or would reduce the property tax rate needed to produce the authorized levy amount.

3.2 Proposed Indebtedness

To finance the public improvements identified in this report, the Port anticipates issuing limited tax general obligation bonds. These bonds would be secured by a pledge of the Port's full faith and credit, including its regular property tax levy, and would be subject to statutory limitations and constraints on general obligation indebtedness.

The actual terms of indebtedness are uncertain and would be based upon the ultimate timing and amount of indebtedness the Port chooses to incur, tax allocation revenues collected, and financial market conditions at the time of issuance. For the purposes of this analysis, the Port consulted with their municipal advisor, Northwest Municipal Advisors, to estimate terms of indebtedness based upon current market conditions and the proposed timing and amount of future indebtedness.

The Port assumes two series of limited tax general obligation bonds would be issued, first in 2024 and second in 2025. The total principal amount of the bonds is estimated to be $12.695 million, along with estimated premium of $0.368 million, is expected to generate approximately $13.063 in project funds. Both series of bonds are assumed to be structured to be fully repaid by 2049, the final year the proposed TIA would be eligible to collect tax allocation revenue. The estimated terms of indebtedness, including par amount, project funds, timing, and true interest cost are shown in Exhibit 12. The proposed financing terms are based on the assumption that the debt would be tax-exempt, including current market rates as of October 13, 2023. Appendix C includes an evaluation of an alternative finance plan with more conservative assumptions.

Exhibit 12. Estimated Terms of Indebtedness for Proposed Port of Everett TIA Public Improvements (Nominal $)

	LTGO 2024	LTGO 2025	Total
Closing Month	December 2024	December 2025	
Taxable Status	Exempt	Exempt	
True Interest Cost	4.8972%	4.8605%	
Par Amount	$ 8,640,000	$ 4,055,000	$ 12,695,000
Project Funds from Bond Proceeds	$ 8,879,385	$ 4,183,744	$ 13,063,129

Source: Northwest Municipal Advisors

The public improvements within the Proposed TIA are anticipated to be funded through limited tax general obligation bonds, which are constrained by the Port's statutory capacity for non-voted general obligation indebtedness. Exhibit 13 shows the calculated statutory authority for non-voted general obligation indebtedness for the Port in 2024, estimated to be $71,714,614. The Port has $39,692,671 of outstanding non-voted general obligation indebtedness, resulting in $32,021,943 of remaining debt capacity.

Exhibit 13. Statutory Authority for Non-Voted General Obligation Indebtedness, Port of Everett, 2024

Total Assessed Value	$	28,685,845,768
Limit: Percent		0.25%
Limit: Amount	$	71,714,614
Less Outstanding Principal	$	39,692,671
Remaining Capacity	**$**	**32,021,943**

Source: Port of Everett and Snohomish County Assessor

Based on the assumed terms of indebtedness shown in Exhibit 12., the Port's municipal advisor has estimated annual debt service payments as shown in Exhibit 14. Annual payments are structured to be lowest in the early years of the TIA, including interest-only payments through 2031. This payment structure is intended to better align annual payments with the anticipated tax allocation revenues and minimize the amount of other general fund resources the Port would need to use to pay debt service in each year. After factoring in the cost of interest, the $12,695,000 of principal indebtedness to fund TIA projects is estimated to require $24,956,750 in debt service payments over the life of the proposed TIA.

Exhibit 14. Estimated Debt Service Payments, LTGO Debt for Proposed Port of Everett TIA Public Projects (Nominal $)

	2024 LTGO			2025 LTGO			Total Debt Service
Year	Principal	Interest	Total	Principal	Interest	Total	
2025	$ -	$ 432,000	$ 432,000	$ -	$ -	$ -	**$ 432,000**
2026	$ -	$ 432,000	$ 432,000	$ -	$ 202,750	$ 202,750	**$ 634,750**
2027	$ -	$ 432,000	$ 432,000	$ -	$ 202,750	$ 202,750	**$ 634,750**
2028	$ -	$ 432,000	$ 432,000	$ -	$ 202,750	$ 202,750	**$ 634,750**
2029	$ -	$ 432,000	$ 432,000	$ -	$ 202,750	$ 202,750	**$ 634,750**
2030	$ -	$ 432,000	$ 432,000	$ -	$ 202,750	$ 202,750	**$ 634,750**
2031	$ -	$ 432,000	$ 432,000	$ -	$ 202,750	$ 202,750	**$ 634,750**
2032	$ 30,000	$ 432,000	$ 462,000	$ 15,000	$ 202,750	$ 217,750	**$ 679,750**
2033	$ 45,000	$ 430,500	$ 475,500	$ 20,000	$ 202,000	$ 222,000	**$ 697,500**
2034	$ 90,000	$ 428,250	$ 518,250	$ 40,000	$ 201,000	$ 241,000	**$ 759,250**
2035	$ 105,000	$ 423,750	$ 528,750	$ 50,000	$ 199,000	$ 249,000	**$ 777,750**
2036	$ 260,000	$ 418,500	$ 678,500	$ 120,000	$ 196,500	$ 316,500	**$ 995,000**
2037	$ 285,000	$ 405,500	$ 690,500	$ 130,000	$ 190,500	$ 320,500	**$ 1,011,000**
2038	$ 310,000	$ 391,250	$ 701,250	$ 140,000	$ 184,000	$ 324,000	**$ 1,025,250**
2039	$ 395,000	$ 375,750	$ 770,750	$ 190,000	$ 177,000	$ 367,000	**$ 1,137,750**
2040	$ 515,000	$ 356,000	$ 871,000	$ 240,000	$ 167,500	$ 407,500	**$ 1,278,500**
2041	$ 555,000	$ 330,250	$ 885,250	$ 260,000	$ 155,500	$ 415,500	**$ 1,300,750**
2042	$ 595,000	$ 302,500	$ 897,500	$ 275,000	$ 142,500	$ 417,500	**$ 1,315,000**
2043	$ 635,000	$ 272,750	$ 907,750	$ 300,000	$ 128,750	$ 428,750	**$ 1,336,500**
2044	$ 680,000	$ 241,000	$ 921,000	$ 320,000	$ 113,750	$ 433,750	**$ 1,354,750**
2045	$ 725,000	$ 207,000	$ 932,000	$ 345,000	$ 97,750	$ 442,750	**$ 1,374,750**
2046	$ 775,000	$ 170,750	$ 945,750	$ 365,000	$ 80,500	$ 445,500	**$ 1,391,250**
2047	$ 825,000	$ 132,000	$ 957,000	$ 390,000	$ 62,250	$ 452,250	**$ 1,409,250**
2048	$ 880,000	$ 90,750	$ 970,750	$ 415,000	$ 42,750	$ 457,750	**$ 1,428,500**
2049	$ 935,000	$ 46,750	$ 981,750	$ 440,000	$ 22,000	$ 462,000	**$ 1,443,750**
Total	**$ 8,640,000**	**$ 8,479,250**	**$ 17,119,250**	**$ 4,055,000**	**$ 3,782,500**	**$ 7,837,500**	**$ 24,956,750**

Source: Northwest Municipal Advisors

Exhibit 15 shows the combination of revenue sources expected to cover the debt service payments. It is expected that $22,216,665 of tax allocation revenues and $2,754,514 of the Port's regular property tax levy or other available revenues would be required to cover the full amount of debt service payments. In this scenario, it is anticipated that the Port would need to rely on some level of general fund revenues to pay a portion of the annual debt service payments through 2031. After 2031, tax allocation revenues are estimated to be sufficient to cover the debt service payments.

Exhibit 15. Tax Allocation Revenues and Debt Service Payments (Nominal $)

Year	Payment	Revenue Source: Tax Allocation Revenue	Revenue Source: General Fund Resources	Tax Allocation Revenue Debt Service Coverage
2025	$ 432,000	$ 7,972	$ 424,028	0.02
2026	$ 634,750	$ 15,799	$ 618,951	0.02
2027	$ 634,750	$ 43,883	$ 590,867	0.07
2028	$ 634,750	$ 81,324	$ 553,426	0.13
2029	$ 634,750	$ 328,305	$ 306,445	0.52
2030	$ 634,750	$ 504,570	$ 130,180	0.79
2031	$ 634,750	$ 517,834	$ 116,916	0.82
2032	$ 679,750	$ 682,074	$ -	1.00
2033	$ 697,500	$ 695,472	$ 2,028	1.00
2034	$ 759,250	$ 761,574	$ -	1.00
2035	$ 777,750	$ 775,413	$ 2,337	1.00
2036	$ 995,000	$ 995,253	$ -	1.00
2037	$ 1,011,000	$ 1,011,192	$ -	1.00
2038	$ 1,025,250	$ 1,027,066	$ -	1.00
2039	$ 1,137,750	$ 1,135,252	$ 2,498	1.00
2040	$ 1,278,500	$ 1,280,944	$ -	1.00
2041	$ 1,300,750	$ 1,299,187	$ 1,563	1.00
2042	$ 1,315,000	$ 1,317,425	$ -	1.00
2043	$ 1,336,500	$ 1,335,673	$ 827	1.00
2044	$ 1,354,750	$ 1,353,973	$ 777	1.00
2045	$ 1,374,750	$ 1,372,329	$ 2,421	1.00
2046	$ 1,391,250	$ 1,390,746	$ 504	1.00
2047	$ 1,409,250	$ 1,409,227	$ 23	1.00
2048	$ 1,428,500	$ 1,427,777	$ 723	1.00
2049	$ 1,443,750	$ 1,446,401	$ -	1.00
Total	**$ 24,956,750**	**$ 22,216,665**	**$ 2,754,514**	**0.89**

Source: Northwest Municipal Advisors and Tiberius Solutions

4 Economic Impacts

4.1 Job Creation

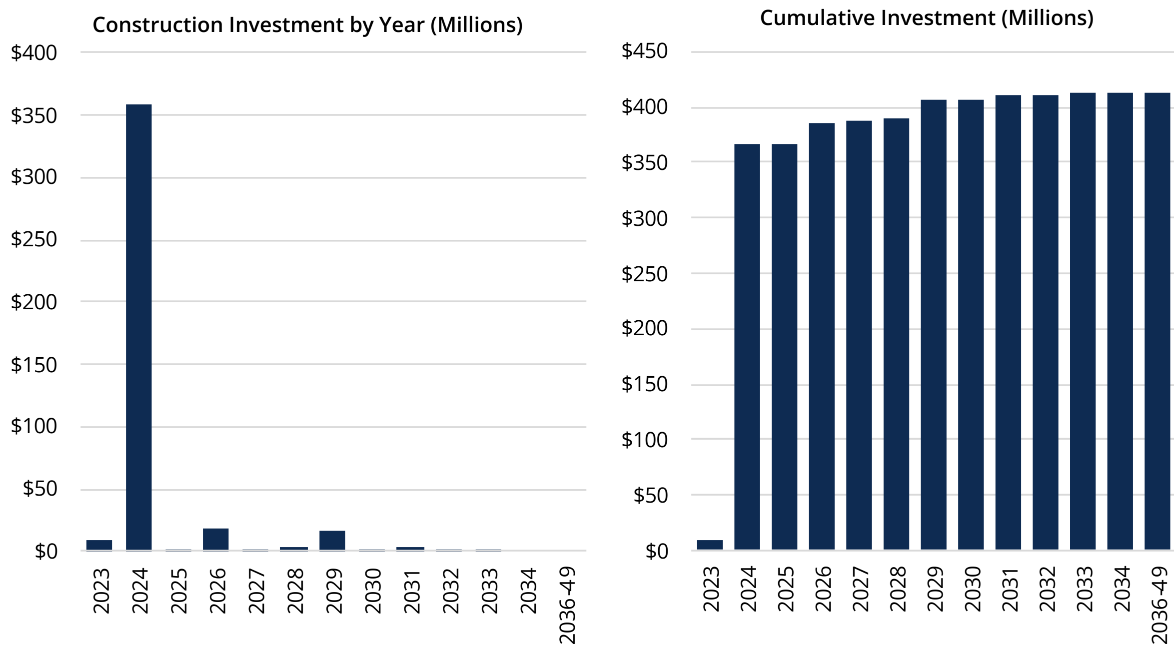
The proposed TIA is expected to generate substantial economic impacts for the local and regional economy. The infrastructure investments supported by the proposed TIA will support a significant level of development, with substantial employment from construction as well as ongoing business activity. Impacts during the construction phase are temporary, while the impacts from operations once construction is complete will be ongoing. These impacts include direct impacts (jobs and spending occurring directly in the TIA), as well as indirect and induced impacts. Indirect impacts are secondary impacts generated by the portion of direct expenditures that are spent on goods and services provided by local businesses. Induced impacts are secondary impacts generated by local expenditures made by employees who received personal income from the direct and indirect expenditures. The induced impacts are often referred to as the "multiplier effect" as the initial direct expenditures are re-spent multiple times, rippling through the local economy.

To model the economic impacts of various activities, Johnson Economics utilized the IMPLAN (IMPact for PLANning)[6] economic multiplier model. IMPLAN is an economic impact model designed for analyzing the effects of industry activity (employment, income, or business revenues) upon all other industries in an economic area. The analysis was done at the Snohomish County level.

Private development activity in the area is expected to exceed $322.1 million in 2023 dollars over the 25-year duration of the proposed TIA. The profile of anticipated development includes a mix of multifamily residential, commercial, and industrial projects. Of the total forecast development value, $181.5 million is from projects that currently have an active developer in some stage of planning and design. The remaining $141.4 million is from anticipated speculative future development on parcels with development potential. This analysis excludes recently completed developments that have not yet come on the tax roll, including two phases of rental apartments and a restaurant with a combined improvement value of $57.5 million. Public infrastructure projects planned for the area that may be funded in part by tax allocation revenues are estimated to cost over $90.7 million in current dollars. Tax allocation revenues are estimated to contribute about $15 million towards these project costs. Combining the $90.7 million of planned public infrastructure expenditures with the $322.1 million of anticipated private development results in a total of more than $412.8 million in planned expenditures within the proposed TIA.

6 Minnesota IMPLAN Group (MIG), Stillwater, Minnesota

Exhibit 16. Summary of Predicted Construction Investment by Year, Proposed Port of Ridgefield TIA (2023 $)



Source: Johnson Economics

To evaluate the temporary construction impacts of the proposed development programs, we calculated the ***total*** construction spending of the project measured as a direct industry change in construction of new structures, as well construction of infrastructure investments. Estimated construction expenditures were converted into estimated contributions to employment income and output at the Snohomish County level, shown in Exhibit 17.

- Construction spending would translate into an estimated 2,879 direct full time equivalent (FTE) jobs over the construction period. Direct jobs would pay an estimated average of $63,100 per FTE for wages and benefits.
- Because the development period is estimated to extend over multiple years, the direct construction jobs likely represent some of the same employees, employed throughout the project lifecycle over multiple buildings/phases.
- Each direct construction job would support approximately 0.53 indirect and induced jobs during the construction period. This translates into an additional 1,527 FTE jobs and labor income of $76.0 million during the construction period.
- The total estimated economic impacts (direct, indirect, and induced) from construction during the study period are 4,406 FTE positions and $257.8 million in labor income (2023 dollars).

Exhibit 17. Summary of Projected Impacts During Construction Phase, Snohomish County (2023 $)

	Projected Impacts, Snohomish County (2023 $)			
	Employment	Labor Income	Value Added	Output
Construction				
Direct Effect	2,879	$ 181,779,774	$ 221,419,863	$ 412,786,650
Indirect Effect	691	$ 34,861,240	$ 53,990,353	$ 102,212,976
Induced Effect	836	$ 41,173,766	$ 76,464,272	$ 131,768,972
Total Effect	**4,406**	**$ 257,814,781**	**$ 351,874,488**	**$ 646,768,598**

Source: Johnson Economics, based on assumed future development forecasts

The preceding table also summarizes projected impacts on value added and output. The following is a brief description of what these terms represent.

- Output is the value of an industry's production. It can be measured in two ways: from the sales (income) perspective or the expenditure (spending) perspective.
  - From the sales (income) perspective, Output is the sum of sales to final users in the economy (GDP), sales to other industries (Intermediate Inputs), and inventory change.
  - From the expenditures perspective, Output is the sum of an industry's Value Added and Intermediate Inputs.
- Value Added is defined as the total market value of all final goods and services produced within a region in each period of time. It is the sum of all added value at every stage of production of all final goods and services produced within a country in each period. In other words, it is the wealth created by industry activity.
  - Value Added in a Social Accounting Matrix (SAM) model such as IMPLAN, is equal to Gross Domestic Product (GDP).

Following development, the completed structures are expected to provide for ongoing impacts to the local and regional economy. Employees at the industrial, office, and retail spaces are expected to generate income that will circulate in the local economy, supporting additional employment and tax revenues. This will be further supplemented by workers and residents in the residential developments.

The program at full buildout is expected to contain a mix of residential, retail, office, and industrial space, with an overall estimated additional direct employment level of 943 FTE when completed and tenanted.

- On an ongoing basis, the study area is expected to accommodate 943 direct employees, with annual labor income of $49.9 million and $179.9 million in economic output.
- The associated ancillary indirect and induced impacts are estimated to account for 536 jobs and $25.6 million in labor income per year.
- The total annual impact is estimated at 1,479 full-time equivalent positions with annual labor income in 2023 dollars over $75.5 million.

Exhibit 18. Summary of Projected Ongoing Impacts from Operations, Snohomish County (2023 $)

	Projected Impacts, Snohomish County (2023 $)			
	Employment	**Labor Income**	**Value Added**	**Output**
Ongoing - Annual				
Direct Effect	943	$ 49,904,109	$ 70,220,806	$ 179,889,943
Indirect Effect	290	$ 13,467,769	$ 20,779,305	$ 41,948,973
Induced Effect	246	$ 12,129,997	$ 22,517,137	$ 38,808,640
Total Effect	**1,479**	**$ 75,501,874**	**$ 113,517,248**	**$ 260,647,556**

Source: Johnson Economics, based on assumed future development forecasts

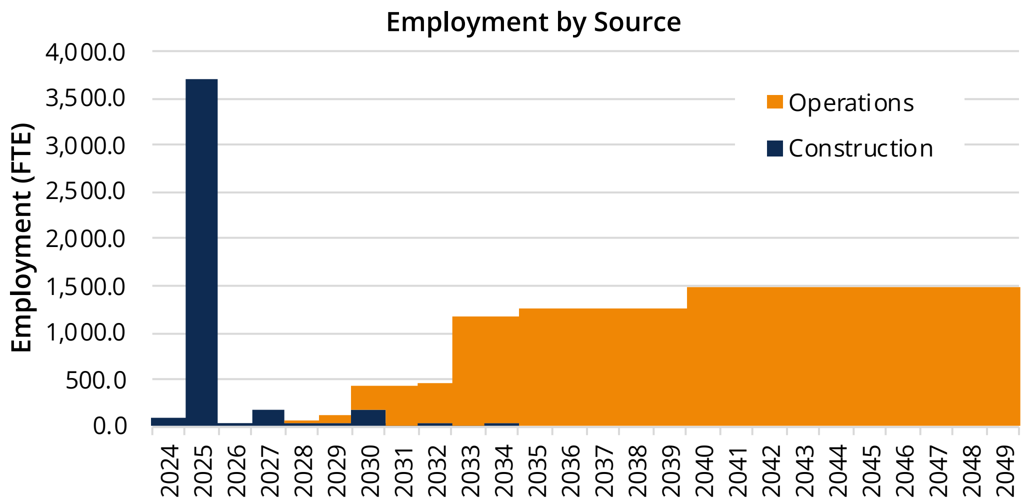
Construction and operation of the multiple development programs in the study area will support a sizable number of jobs directly, as well as having significant indirect and induced impacts. The construction and ongoing operation of developments in the area is estimated to support roughly 27,484 cumulative FTE positions through 2049, reflecting average annual support of approximately 1,040 jobs, with roughly $99.6 million per year in labor income in current dollars.

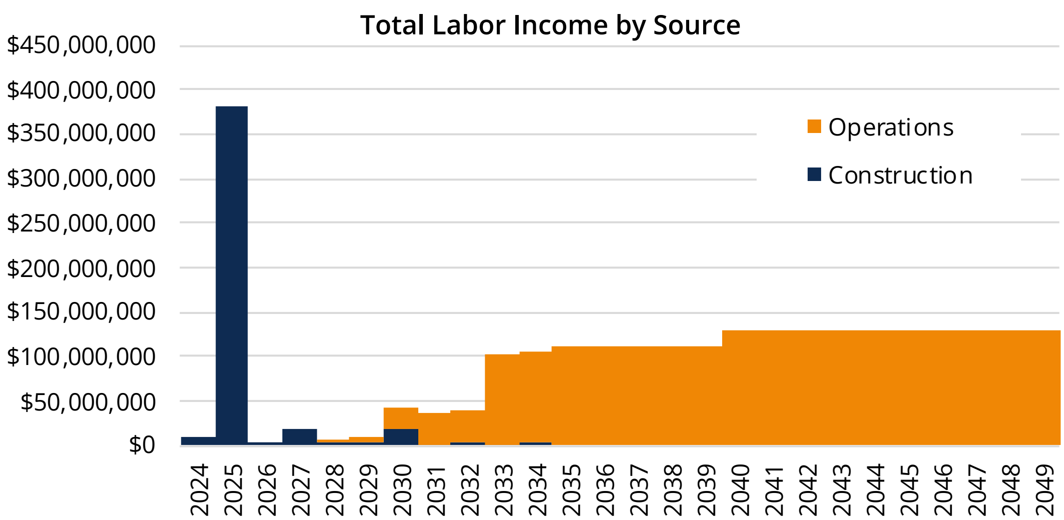
Exhibit 19. Summary of Average Annual Impacts Through 2049, Snohomish County (2023 $)

	Employment	Payroll
Direct Effect	663.9	$ 40,989,228
Indirect Effect	198.0	$ 30,094,940
Induced Effect	178.3	$ 28,558,232
Total	**1,040.2**	**$ 99,642,401**

Source: Johnson Economics, based on assumed future development forecasts

Exhibit 20. Summary of Projected Impacts over Time, Snohomish County (2023 $)





Source: Johnson Economics

4.2 Fiscal Impacts

In addition to economic impacts, development, and operation of the development parcels in the proposed TIA will have fiscal implications for the City of Everett, the Port of Everett, local school districts, Snohomish County, other local service providers, and the State of Washington. These impacts include sales tax, property taxes, income and business taxes, and development charges and fees.

Federal revenues will largely accrue from income taxes and social security contributions. For State and local entities, sales taxes will represent the most significant fiscal contribution, during both the construction and ongoing phases. The next largest source of local and state tax revenue would be property taxes. Property taxes for the development program are calculated in more detail as part of the tax allocation revenue forecast, shown in Exhibit 10 previously in this report.

Exhibit 21 presents an estimate of tax contributions, such as income and business taxes, from the construction and operation of the assumed development programs based on the modeling assumptions in the IMPLAN scenarios. Estimates are broken down by federal vs. state and local contributions. While we have excluded direct property taxes, we will still expect to see some increase in property taxes outside of the proposed TIA, from indirect and induced economic activity.

- Through the construction period, the project is expected to contribute $54.5 million at the federal level, and $9.8 million in state and local tax revenues (excluding direct property taxes).
- When completed and operational, the combined program is expected to generate $5.6 million per year in state and local taxes (excluding direct property taxes), while generating $17.4 million in federal taxes.
- Sales taxes represent the largest source of state and local revenue, with close to $10.7 million in sales taxes during construction and an additional $4.3 million per year going forward.

Exhibit 21. Summary of Anticipated Tax Revenues Associated with Construction, Snohomish County (2023 $)

Construction - One Time Description	Employee & Proprietor Compensation	Tax on Production and Imports	Households	Corporations	Total
Federal					
Social Ins Tax- Employee Contribution	$ 16,243,848				**$ 16,243,848**
Social Ins Tax- Employer Contribution	$ 11,172,784				**$ 11,172,784**
Indirect Bus Tax: Excise Taxes		$ (1,239,502)			**$ (1,239,502)**
Indirect Bus Tax: Custom Duty		$ (1,291,993)			**$ (1,291,993)**
Indirect Bus Tax: Fed NonTaxes					**$ -**
Corporate Profits Tax				$ 2,100,009	**$ 2,100,009**
Personal Tax: Income Tax			$ 27,472,824		**$ 27,472,824**
Total Federal Tax	**$ 27,416,632**	**$ (2,531,494)**	**$ 27,472,824**	**$ 2,100,009**	**$ 54,457,970**
State and Local					
Social Ins Tax- Employee Contribution	$ 651,407				**$ 651,407**
Social Ins Tax- Employer Contribution	$ 761,562				**$ 761,562**
Tax on Production and Imports: Sales Tax			$ 6,485,334		**$ 6,485,334**
Tax on Production and Imports: Motor Vehicle Lic			$ 132,655		**$ 132,655**
Tax on Production and Imports: Severance Tax			$ 16,377		**$ 16,377**
Tax on Production and Imports: Other Taxes			$ 1,230,791		**$ 1,230,791**
Tax on Production and Imports: Special Assessments			$ 202,579		**$ 202,579**
Corporate Profits Tax					**$ -**
Personal Tax: Income Tax					**$ -**
Personal Tax: NonTaxes (Fines- Fees					**$ -**
Personal Tax: Motor Vehicle License			$ 254,922		**$ 254,922**
Personal Tax: Other Tax (Fish/Hunt)			$ 77,673		**$ 77,673**
Total State and Local	**$ 1,412,969**	**$ -**	**$ 8,400,331**	**$ -**	**$ 9,813,300**

Note: Excludes direct property tax revenues that are calculated separately in tax allocation revenue forecast.
Source: Johnson Economics, Minnesota IMPlan Group, based on assumed future development forecasts

Exhibit 22. Summary of Anticipated Ongoing Tax Revenues, Snohomish County (2023 $)

Ongoing at Buildout Description	Employee & Proprietor Compensation	Tax on Production and Imports	Households	Corporations	Total
Federal					
Social Ins Tax- Employee Contribution	$ 4,341,503				**$ 4,341,503**
Social Ins Tax- Employer Contribution	$ 4,810,426				**$ 4,810,426**
Indirect Bus Tax: Excise Taxes		$ 355,024			**$ 355,024**
Indirect Bus Tax: Custom Duty		$ 149,805			**$ 149,805**
Indirect Bus Tax: Fed NonTaxes		$ -			**$ -**
Corporate Profits Tax				$ 2,157,554	**$ 2,157,554**
Personal Tax: Income Tax			$ 5,548,481		**$ 5,548,481**
Total Federal Tax	**$ 9,151,929**	**$ 504,829**	**$ 5,548,481**	**$ 2,157,554**	**$ 17,362,793**
State and Local					
Dividends				$ 11,330	**$ 11,330**
Social Ins Tax- Employee Contribution	$ 21,832				**$ 21,832**
Social Ins Tax- Employer Contribution	$ 38,702				**$ 38,702**
Tax on Production and Imports: Sales Tax		$ 4,331,307			**$ 4,331,307**
Tax on Production and Imports: Motor Vehicle Lic		$ 55,911			**$ 55,911**
Tax on Production and Imports: Severance Tax		$ 11,868			**$ 11,868**
Tax on Production and Imports: Other Taxes		$ 507,545			**$ 507,545**
Tax on Production and Imports: S/L NonTaxes		$ 243,102			**$ 243,102**
Corporate Profits Tax					**$ -**
Personal Tax: Income Tax					**$ -**
Personal Tax: NonTaxes (Fines- Fees			$ 293,827		**$ 293,827**
Personal Tax: Motor Vehicle License			$ 92,006		**$ 92,006**
Personal Tax: Other Tax (Fish/Hunt)			$ 34,892		**$ 34,892**
Total State and Local	**$ 60,534**	**$ 5,149,733**	**$ 420,725**	**$ 11,330**	**$ 5,642,322**

Source: Excludes direct property tax revenues that are calculated separately in tax allocation revenue forecast.
Source: Johnson Economics, Minnesota IMPlan Group, based on assumed future development forecasts

4.3 Affordable and Low-Income Housing

Establishment of the proposed TIA and anticipated development of properties within the TIA is not anticipated to have a substantial impact on affordable and low-income housing in the region. Infrastructure investments in the area are expected to support several multifamily residential developments, and the introduction of new supply is typically viewed as increasing housing affordability on the margin. The proposed TIA may have minor impacts on housing affordability due to indirect impacts on housing affordability associated with economic activity generated within the proposed TIA.

Housing Construction in the Proposed TIA

New construction within the proposed TIA is expected to include three multifamily rental developments (not including two recently completed apartment developments that have yet to be reflected on the tax roll). These are expected to be privately-funded market-rate projects. New market-rate construction within the proposed TIA can still help to improve housing affordability in the region. Housing prices are determined based on the factors of supply and demand. Thus, any new construction of housing units in the region that increases housing supply should reduce price pressure in the local housing market. Indeed, most housing economists identify a persistent lack of new construction in past years as a cause for the rapid increases in home values in recent years.

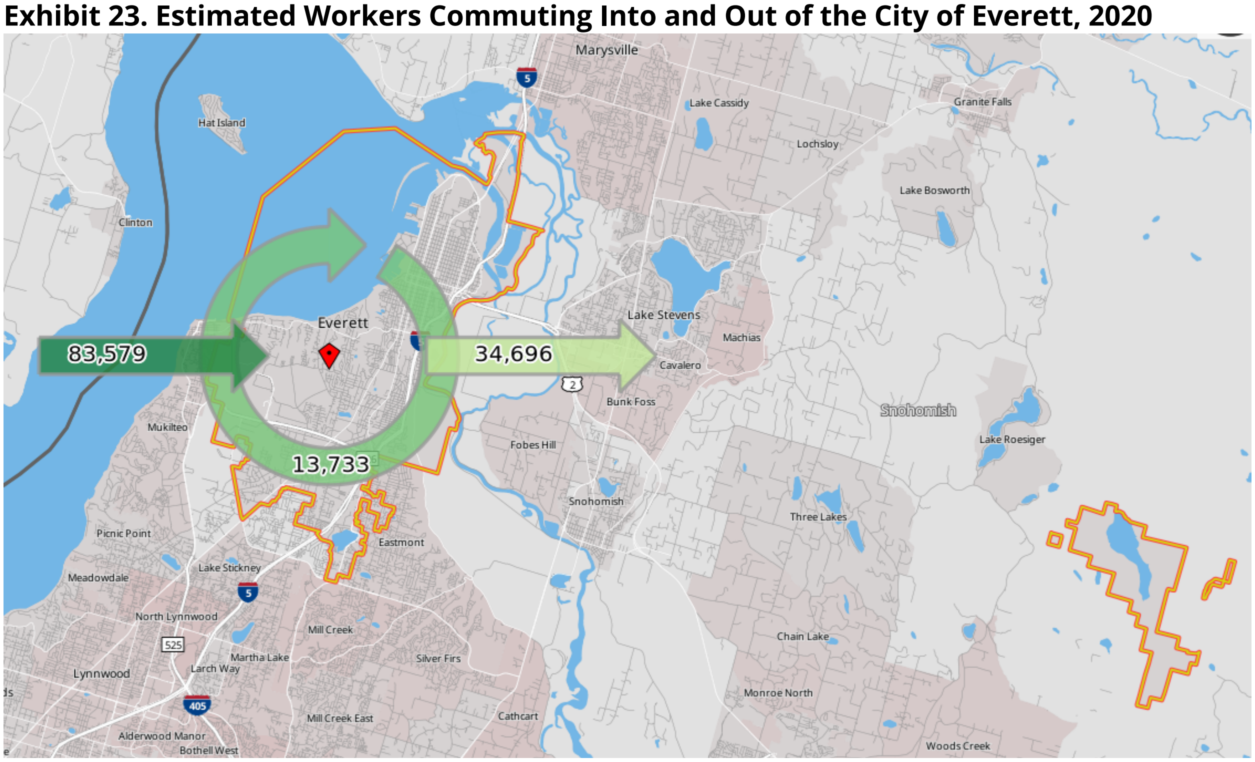
The process by which construction of new market-rate homes helps to improve housing affordability is known as "filtering." Construction of a new market-rate home allows a household to move out of a lower-quality, existing home to move into a new home. The previous home occupied by that household is now vacant, and available to another household at a lower price than the new home. Thus, constructing new homes at virtually any price point should ultimately improve the availability of homes at all income levels.

Impacts on Housing Affordability from Economic Activity

Housing affordability is a complex issue that is influenced by several factors. These include inventory, market clearing prices, constraints on supply, cost of production, and the ability of someone to pay for housing. Thus, this evaluation of housing affordability also considers household incomes. Increases in household income will increase the ability of households to pay for housing, thus increasing housing affordability. In addition to introducing new housing units into the regional supply, the economic impacts generated by the new development anticipated within the TIA are expected to lead to increases in household incomes, helping to support regional housing affordability.

The City of Everett is a significant importer of labor, with over 83,000 workers estimated to commute into the City for employment in 2020. This is offset to some extent by over 34,000 workers living in Everett and commuting to jobs outside of the City.

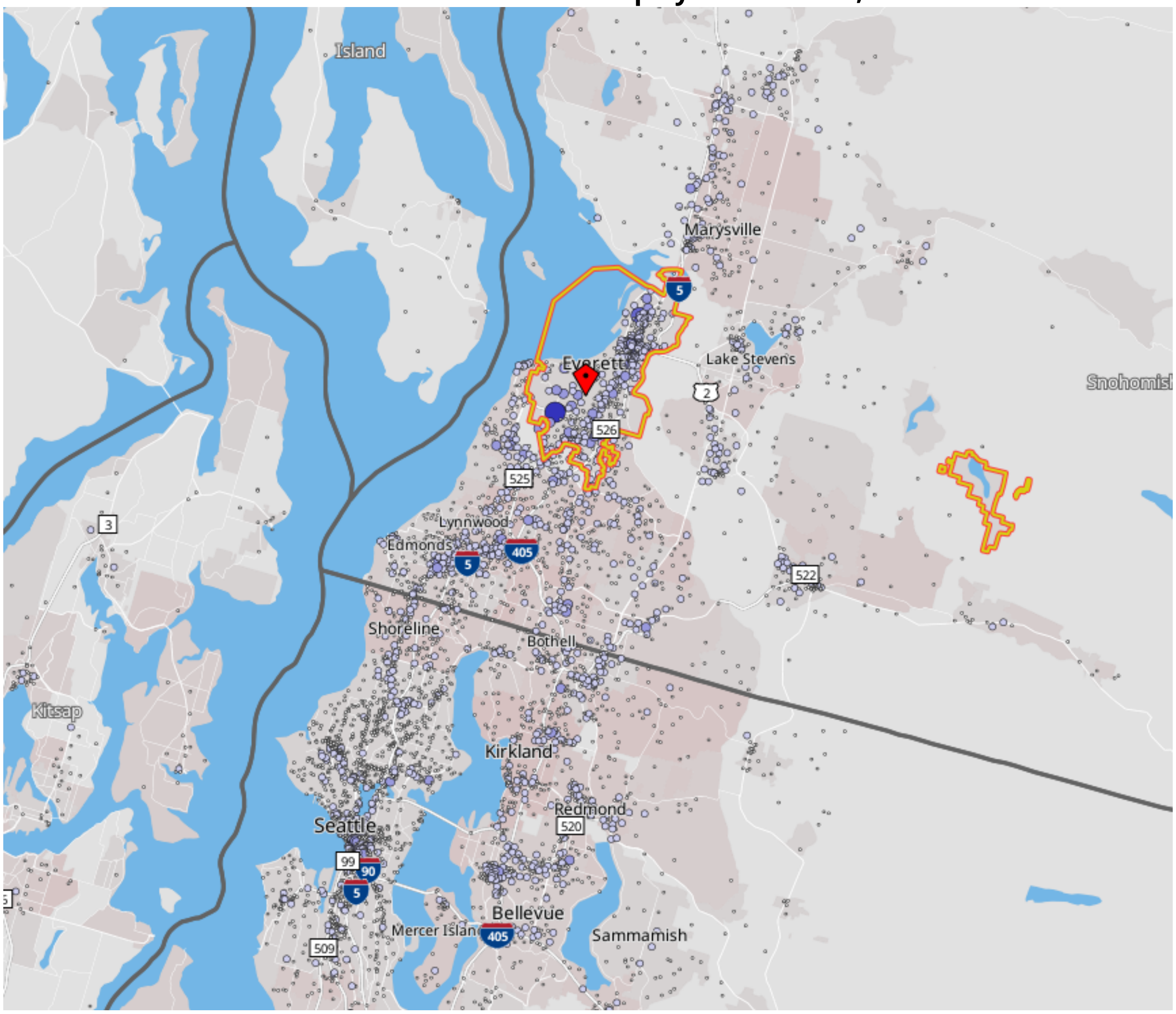
Exhibit 23. Estimated Workers Commuting Into and Out of the City of Everett, 2020



Source: US Census Bureau, LEHD Database

Workers heading into Everett for employment are primarily drawn from the Highway 2, I-5 and I-405 corridors. Providing additional housing and employment opportunities in the city can increase employment and housing options, supporting a more efficient commuting pattern that can provide substantial financial benefits, increasing the level of income available to meet housing needs. The additional employment opportunities can also support higher wage levels, increasing household's available income for housing.

Exhibit 24. Location of Residence for Persons Employed in Everett, 2020



Source: US Census Bureau, LEHD Database

4.4 Local Business Community

This section to be left blank in the initial draft of the report and will be filled in after the Port has completed community outreach and conducted interviews with representatives of local businesses (interviews are currently underway).

This section will summarize key points from those interviews. Full notes from interviews with business representatives to be included as an appendix to the report.

4.5 Local School District

As stated earlier in this report, the property tax levies for Everett School District No. 2 and the State Schools fund would not be included in the calculation of tax allocation revenues, and therefore would not experience any foregone revenues from the proposed TIA. Private development anticipated to occur as a result of public improvements within the proposed TIA would generate increased property tax revenues for state school funding and reduce the levy rate for local school levies. Exhibit 25 shows the forecasts of the future property tax revenues that could be generated for state levies over the 25-year duration of the proposed TIA. Development within the proposed TIA would be estimated to generate $18.3 million in property tax revenues for State school funding over the 25-year forecast period.

Exhibit 25. Property Tax Revenues for State Schools, Proposed Port of Everett TIA (Nominal $)

Tax Year	Increment Value	State Schools Parts 1 and 2 Levy Rate	State Schools Parts 1 and 2 Revenue
2025	$ 3,125,760	$ 2.104101	$ 6,577
2026	$ 6,376,550	$ 2.044098	$ 13,034
2027	$ 18,231,227	$ 1.985806	$ 36,204
2028	$ 34,777,843	$ 1.929179	$ 67,093
2029	$ 144,518,233	$ 1.874168	$ 270,851
2030	$ 228,608,080	$ 1.820747	$ 416,238
2031	$ 241,496,814	$ 1.768792	$ 427,158
2032	$ 327,438,078	$ 1.718303	$ 562,638
2033	$ 343,661,361	$ 1.669270	$ 573,663
2034	$ 387,382,690	$ 1.621622	$ 628,188
2035	$ 406,003,757	$ 1.575338	$ 639,593
2036	$ 536,438,230	$ 1.530328	$ 820,927
2037	$ 561,021,519	$ 1.486620	$ 834,026
2038	$ 586,588,140	$ 1.444145	$ 847,118
2039	$ 667,446,774	$ 1.402884	$ 936,350
2040	$ 775,231,110	$ 1.362808	$ 1,056,491
2041	$ 809,366,115	$ 1.323878	$ 1,071,502
2042	$ 844,866,519	$ 1.286053	$ 1,086,543
2043	$ 881,786,940	$ 1.249274	$ 1,101,593
2044	$ 920,184,178	$ 1.213546	$ 1,116,686
2045	$ 960,117,305	$ 1.178840	$ 1,131,825
2046	$ 1,001,647,757	$ 1.145127	$ 1,147,014
2047	$ 1,044,839,427	$ 1.112378	$ 1,162,256
2048	$ 1,089,758,764	$ 1.080566	$ 1,177,556
2049	$ 1,136,474,875	$ 1.049663	$ 1,192,915
Total			**$ 18,324,040**

Source: Tiberius Solutions

Development within the proposed TIA is estimated to generate additional assessed value subject to local school property tax levies over the 25-year forecast period. This assessed value would not result in a net increase in total tax revenue for the local school district, but rather would reduce the levy rate that the school district imposes to produce the approved annual levy amounts for debt service and enrichment.

4.6 Local Fire Service

> This section can be expanded upon to include a summary of any feedback received directly from the Fire District during the outreach phase of the project.

Exhibit 11 shown earlier in this report summarizes the impact from foregone property tax revenue the proposed TIA is expected to have on each taxing district, including the City of Everett, which provides fire service to this area. These annual impacts are estimated to begin at $4,000 per year in 2026, increasing over time to $770,000 in 2049, the final year of the proposed TIA. Cumulatively, it is estimated that the City of Everett would forego $11.9 million of property tax revenue over the 25-year life of the TIA, or an average of $473,000 per year. A portion of this foregone revenue may impact the City's budget for its fire department. Under certain circumstances, RCW requires jurisdictions establishing TIAs to negotiate mitigation plans with impacted fire districts. Those circumstances do not apply to this proposed TIA, and a mitigation plan is not required under RCW.

5 Evaluation of Risk Factors

Certain statements contained in this document reflect not historical facts but forecasts and forward-looking statements. All projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this report. All forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in regional, domestic, and international political, social, and economic conditions; federal, state, and local statutory and regulatory initiatives; litigation, population changes; technological change; and various other events, conditions, and circumstances, many of which are beyond the control of the Port. The remainder of this section identifies potential risk factors regarding the financial forecasts in this report.

5.1 Future Assessed Values and Tax Rates

This report forecasts future property tax allocation revenues based on the assumed timing and value of new construction in the proposed TIA, future appreciation of those properties once they have been constructed, and future changes in property tax rates applicable to the calculation of tax allocation revenues. All of these factors are subject to uncertainty, and future tax allocation revenues could be higher or lower than forecast in this report. Factors that could result in lower collections of tax allocation revenues include:

- **Delays in construction of private projects in the proposed TIA.** The proposed TIA is limited to 25 years of tax allocation revenue collection. Any delay in private construction would reduce the total amount of tax allocation revenues collected during the 25-year duration.
- **Lower than anticipated valuation of private projects in the proposed TIA.** This report estimates the value of new construction based on assumed construction costs. The Snohomish County Assessor would ultimately determine the value of new construction, in part, based on the net operating income of the properties at stabilization. It is likely that the Assessor would determine the market value of improvements in the proposed TIA would exceed their construction costs, but the actual determination of value depends on market conditions at the time the new construction is added to the tax roll. If the Assessor values new construction in the proposed TIA at less than the amounts assumed in this report, it would reduce the total amount of tax allocation revenues collected during the 25-year duration.
- **Lower appreciation of property values for properties inside the proposed TIA than countywide.** The rate of appreciation of property values countywide determines annual changes in applicable tax rates. This report assumes property values inside the proposed TIA would appreciate at the same rate as properties countywide. If properties in the proposed TIA appreciate at a faster rate than countywide, it would increase the total amount of tax allocation revenues collected during the 25-year duration. However,

if properties in the proposed TIA appreciate more slowly than properties countywide, it would reduce the total amount of tax allocation revenues collected during the 25-year duration.

5.2 Future Public Costs of Construction and/or Borrowing

This report estimates the future timing and value of construction of public projects partially or fully funded by the proposed TIA. The actual timing and cost of these projects is uncertain and could be affected by factors outside of the Port's control. The terms of future indebtedness are also uncertain. Changes in interest rate, amortization period, and other factors could result in a total cost of borrowing that exceeds the assumptions used in this report. Borrowing assumptions in this report were developed with the assistance of the Port's financial advisors and reflect conservative financing assumptions based on current market conditions.

Ultimately, if public construction costs are higher than anticipated or the cost of borrowing is higher than anticipated in this report, the Port could cover those higher costs by allocating more of its general tax levy than is forecast in this report. Alternatively, the Port could seek other funding sources, delay projects, or eliminate or redesign elements of the public improvements to reduce the total cost to the Port.

5.3 Other Port Revenues

The Port would expect to pay a portion of the costs of the public infrastructure in the proposed TIA with other legally available Port revenues. General economic conditions, in addition to conditions within the proposed TIA could affect taxable sales, real estate transactions, and other taxable events. The Port would be obligated to pay debt service on its limited tax general obligation bonds even if Port revenues are negatively affected by these or other conditions.

5.4 Non-Voted Debt Limit

The Port's ability to issue limited tax general obligation bonds is limited by assessed value within the Port at the time the bonds are issued. A decline in assessed value in the Port, or growth that is slower than expected, could constrain the Port's non-voted debt capacity and ability to finance proposed TIA (and other) projects with non-voted debt. If the Port is required to fund a greater share of project costs on a pay-go basis due to debt capacity constraints, the pace of the investment may be slowed with resulting impacts on private development.

5.5 Seismic Activity and Other Natural Disasters

The Port can give no assurance regarding the effect of an earthquake, a tsunami from seismic activity, a volcano, mudslide, flood or other natural disaster, or that surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major earthquake or other natural disaster.

5.6 Initiatives and Referenda

In recent years, there have been a number of initiatives filed in the State, including initiatives targeting fees and taxes imposed by local governments or subjecting local governments to additional requirements. The Port cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified for the ballot, whether such initiatives will be approved by the voters, whether, if challenged, such initiatives will be upheld by the courts and whether any current or future initiative could have a material adverse impact on the Port's finances or operations.

Appendix A: Tax lots included in the Proposed Port of Everett TIA Boundary

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
553632600000	00010	$100	$0	0.0	
970100700100	00010	$0	$0	0.0	MU
970100700104	00010	$40,500	$40,500	0.0	MU
970100700106	00010	$20,100	$20,100	0.0	MU
970100700108	00010	$73,500	$73,500	0.0	MU
970100700112	00010	$44,500	$44,500	0.0	MU
970100700114	00010	$40,000	$40,000	0.0	MU
970100700116	00010	$54,400	$54,400	0.0	MU
970100700118	00010	$60,300	$60,300	0.0	MU
970100700120	00010	$57,800	$57,800	0.0	MU
970100700126	00010	$41,200	$41,200	0.0	MU
970100700128	00010	$61,300	$61,300	0.0	MU
970100700130	00010	$58,200	$58,200	0.0	MU
970100700134	00010	$53,300	$53,300	0.0	MU
970100700136	00010	$64,800	$64,800	0.0	MU
970100700138	00010	$28,600	$28,600	0.0	MU
970100700140	00010	$68,200	$68,200	0.0	MU
970100700142	00010	$40,200	$40,200	0.0	MU
970100700144	00010	$68,200	$68,200	0.0	MU
970100700146	00010	$64,400	$64,400	0.0	MU
970100700200	00010	$0	$0	0.0	MU
970100800102	00010	$61,700	$61,700	0.0	MU
970100800104	00010	$83,600	$83,600	0.0	MU
970100800106	00010	$90,300	$90,300	0.0	MU
970100800108	00010	$55,700	$55,700	0.0	MU
970100800110	00010	$42,400	$42,400	0.0	MU
970100800112	00010	$51,100	$51,100	0.0	MU
970100800114	00010	$81,100	$81,100	0.0	MU
970100800116	00010	$45,000	$45,000	0.0	MU
970100800118	00010	$43,200	$43,200	0.0	MU
970100800120	00010	$48,300	$48,300	0.0	MU
970100800122	00010	$31,800	$31,800	0.0	MU

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
970100800124	00010	$66,100	$66,100	0.0	MU
970100800126	00010	$86,400	$86,400	0.0	MU
970100800128	00010	$76,600	$76,600	0.0	MU
970100800130	00010	$84,700	$84,700	0.0	MU
970100800132	00010	$96,300	$96,300	0.0	MU
970100800134	00010	$0	$0	0.0	MU
970100800136	00010	$0	$0	0.0	MU
970100800200	00010	$58,400	$58,400	0.0	MU
970100800201	00010	$154,300	$154,300	0.0	MU
970100800203	00010	$59,100	$59,100	0.0	MU
970100800205	00010	$136,900	$136,900	0.0	MU
970100800207	00010	$119,400	$119,400	0.0	MU
970100800209	00010	$153,000	$153,000	0.0	MU
970100800211	00010	$0	$0	0.0	MU
970100800215	00010	$56,900	$56,900	0.0	MU
970100800217	00010	$156,900	$156,900	0.0	MU
970100800219	00010	$143,900	$143,900	0.0	MU
970100800221	00010	$125,700	$125,700	0.0	MU
970100800223	00010	$101,400	$101,400	0.0	MU
970100800225	00010	$128,500	$128,500	0.0	MU
970100800227	00010	$0	$0	0.0	MU
970100800229	00010	$113,700	$113,700	0.0	MU
970100800231	00010	$0	$0	0.0	MU
970100900102	00010	$128,400	$128,400	0.0	MU
970100900104	00010	$37,000	$0	0.0	MU
970100900106	00010	$0	$0	0.0	MU
970100900108	00010	$0	$0	0.0	MU
970100900110	00010	$0	$0	0.0	MU
970100900112	00010	$0	$0	0.0	MU
970100900114	00010	$0	$0	0.0	MU
970100900116	00010	$0	$0	0.0	MU
970100900118	00010	$0	$0	0.0	MU
970100900120	00010	$124,800	$124,800	0.0	MU
970100900122	00010	$78,000	$78,000	0.0	MU
970100900124	00010	$135,500	$135,500	0.0	MU
970100900128	00010	$167,200	$167,200	0.0	MU
970100900130	00010	$124,500	$124,500	0.0	MU
970100900132	00010	$81,600	$81,600	0.0	MU

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
970100900134	00010	$90,800	$90,800	0.0	MU
970100900136	00010	$90,100	$90,100	0.0	MU
970100900140	00010	$125,000	$125,000	0.0	MU
970100900142	00010	$145,900	$145,900	0.0	MU
970100900144	00010	$73,600	$73,600	0.0	MU
970100900201	00010	$20,700	$20,700	0.0	MU
970100900203	00010	$91,600	$91,600	0.0	MU
970100900205	00010	$76,600	$76,600	0.0	MU
970100900207	00010	$24,900	$24,900	0.0	MU
970100900209	00010	$38,300	$38,300	0.0	MU
970100900211	00010	$87,500	$87,500	0.0	MU
970100900213	00010	$106,300	$106,300	0.0	MU
970100900215	00010	$86,700	$86,700	0.0	MU
970100900217	00010	$75,600	$75,600	0.0	MU
970100900219	00010	$77,400	$77,400	0.0	MU
970100900221	00010	$63,600	$63,600	0.0	MU
970100900223	00010	$58,300	$58,300	0.0	MU
970100900225	00010	$74,700	$74,700	0.0	MU
970100900227	00010	$50,700	$50,700	0.0	MU
970100900229	00010	$52,800	$52,800	0.0	MU
970100900231	00010	$61,800	$61,800	0.0	MU
970100900233	00010	$75,100	$75,100	0.0	MU
970100900235	00010	$35,300	$35,300	0.0	MU
970100900237	00010	$57,900	$57,900	0.0	MU
970100900239	00010	$76,500	$76,500	0.0	MU
970100900241	00010	$77,200	$77,200	0.0	MU
970100900243	00010	$42,100	$42,100	0.0	MU
970101000102	00010	$0	$0	0.0	MU
970101000104	00010	$31,100	$31,100	0.0	MU
970101000106	00010	$0	$0	0.0	MU
970101000108	00010	$0	$0	0.0	MU
970101000110	00010	$54,700	$54,700	0.0	MU
970101000112	00010	$0	$0	0.0	MU
970101000114	00010	$0	$0	0.0	MU
970101000116	00010	$0	$0	0.0	MU
970101000118	00010	$81,900	$81,900	0.0	MU
970101000203	00010	$0	$0	0.0	MU
970101000205	00010	$0	$0	0.0	MU

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
970101000207	00010	$0	$0	0.0	MU
970101000209	00010	$0	$0	0.0	MU
970101000211	00010	$0	$0	0.0	MU
970101000215	00010	$0	$0	0.0	MU
970101000217	00010	$0	$0	0.0	MU
970101000219	00010	$49,400	$49,400	0.0	MU
970101100102	00010	$0	$0	0.0	MU
970101100104	00010	$0	$0	0.0	MU
970101100106	00010	$0	$0	0.0	MU
970101100201	00010	$0	$0	0.0	MU
970101100203	00010	$0	$0	0.0	MU
970101500401	00010	$0	$0	0.0	MU
970101500402	00010	$0	$0	0.0	MU
970101500403	00010	$0	$0	0.0	MU
970101500404	00010	$0	$0	0.0	MU
970101500405	00010	$35,300	$35,300	0.0	MU
970101500406	00010	$0	$0	0.0	MU
970101500407	00010	$134,300	$0	0.0	MU
970101500409	00010	$0	$0	0.0	MU
970101500410	00010	$0	$0	0.0	MU
970101500411	00010	$0	$0	0.0	MU
970101500412	00010	$23,100	$0	0.0	MU
970101500414	00010	$0	$0	0.0	MU
970101500415	00010	$0	$0	0.0	MU
970101500416	00010	$0	$0	0.0	MU
970101500417	00010	$68,300	$68,300	0.0	MU
970101500418	00010	$0	$0	0.0	MU
970101500419	00010	$0	$0	0.0	MU
970101500420	00010	$0	$0	0.0	MU
970101500422	00010	$61,500	$61,500	0.0	MU
970101500423	00010	$0	$0	0.0	MU
970101500424	00010	$77,400	$77,400	0.0	MU
970101500425	00010	$102,800	$102,800	0.0	MU
970101500426	00010	$0	$0	0.0	MU
970101500427	00010	$63,500	$63,500	0.0	MU
970101500428	00010	$267,400	$267,400	0.0	MU
970101500429	00010	$0	$0	0.0	MU
29050700100400	00010	$8,065,000	$8,065,000	18.8	HI

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
29050700100800	00010	$192,600	$192,600	9.6	HI
29050700100900	00010	$662,800	$0	0.0	HI
29050700101200	00010	$3,144,900	$3,144,900	8.7	HI
29050700400100	00010	$5,930,300	$5,930,300	12.7	HI
29050700401100	00010	$813,400	$813,400	40.7	HI
29050700401200	00010	$516,200	$516,200	25.8	HI
29050700401300	00010	$577,200	$577,200	28.9	HI
29050700401400	00010	$2,600	$2,600	0.1	HI
29050700401700	00010	$10,200	$10,200	0.5	HI
29050700401900	00010	$602,500	$602,500	10.0	HI
29050700402000	00010	$100,000	$100,000	5.0	HI
29051800102600	00010	$843,000	$0	0.9	MU
29051800102700	00010	$202,900	$0	0.3	MU
29051800102800	00010	$12,159,700	$0	13.8	MU
29051800102801	00010	$2,444,500	$0	0.0	MU
29051800102900	00010	$252,600	$0	0.5	MU
29051800103000	00010	$4,638,000	$0	10.0	MU
29051800200200	00010	$3,897,800	$0	11.5	HI
29051800200400	00010	$2,236,900	$0	1.4	HI
29051800200700	00010	$1,645,800	$0	1.1	HI
29051800200900	00010	$465,200	$0	23.3	HI
29051800201300	00010	$3,154,900	$0	1.5	HI
29051800201400	00010	$4,458,500	$0	3.0	HI
29051800201500	00010	$386,000	$0	19.3	HI
29051800201600	00010	$112,400	$0	0.3	HI
29051800201700	00010	$2,031,800	$2,031,800	1.5	HI
29051800201800	00010	$330,800	$330,800	2.1	HI
29051800201900	00010	$92,800	$0	0.2	HI
29051800202100	00010	$228,600	$228,600	2.1	HI
29051800202400	00010	$539,900	$0	1.4	HI
29051800202500	00010	$1,000	$0	1.0	HI
29051800203500	00010	$53,700	$0	0.1	HI
29051800203700	00010	$7,400	$0	0.4	HI
29051800204000	00010	$7,673,400	$0	11.3	HI
29051800209200	00010	$496,700	$0	1.4	MU
29051800209300	00010	$510,500	$0	1.0	MU
29051800209400	00010	$496,700	$0	0.9	MU
29051800209500	00010	$435,500	$0	0.8	MU

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
29051800209600	00010	$695,000	$0	1.4	MU
29051800209700	00010	$771,200	$0	1.5	MU
29051800209800	00010	$2,260,000	$0	3.2	MU
29051800209900	00010	$316,200	$0	0.5	MU
29051800210000	00010	$15,088,200	$0	2.8	MU
29051800210100	00010	$1,244,800	$0	2.6	MU
29051800210101	00010	$6,915,100	$6,915,100	0.0	MU
29051800210200	00010	$507,700	$0	0.9	MU
29051800210300	00010	$66,092,500	$0	54.0	MU
29051800210400	00010	$9,816,000	$0	7.5	MU
29051800300800	00010	$43,659,400	$0	47.3	MU
29051800300900	00010	$5,682,500	$0	13.4	MU
29051800301300	00010	$6,694,000	$0	0.0	MU
29051800301301	00010	$531,400	$531,400	0.0	MU
29051800301302	00010	$1,965,500	$1,965,500	0.0	MU
29051800301303	00010	$1,106,100	$0	0.0	MU
29051800301304	00010	$1,965,500	$1,965,500	0.0	MU
29051800302700	00010	$662,000	$0	1.3	MU
29051800302800	00010	$455,800	$0	0.8	MU
29051800302900	00010	$694,300	$0	1.4	MU
29051800303000	00010	$705,100	$0	0.9	MU
29051800303100	00010	$723,300	$0	0.8	MU
29051800303200	00010	$247,000	$0	0.4	MU
29051800303300	00010	$5,883,800	$0	2.0	MU
29051800400500	00010	$2,404,600	$0	1.0	MU
29051800400600	00010	$822,200	$0	1.1	MU
29051800400601	00010	$3,271,700	$3,271,700	0.0	MU
29051800400700	00010	$979,000	$0	1.3	MU
29051800400701	00010	$4,206,500	$4,206,500	0.0	MU
29051800400800	00010	$724,200	$0	0.9	MU
29051800400801	00010	$2,276,000	$2,276,000	0.0	MU
29051800400900	00010	$310,700	$0	0.2	MU
29051800401000	00010	$316,900	$0	0.0	MU
29051800401400	00010	$251,000	$251,000	0.4	MU
29051800401500	00010	$509,800	$509,800	0.8	MU
29051800401600	00010	$569,100	$569,100	0.9	MU
29051800401700	00010	$510,800	$0	1.0	MU
29051800401800	00010	$184,900	$0	0.2	MU

Parcel Number	Tax Code Area	Total Market Value, 2023 Values for 2024 Taxes	Total Taxable Value, 2023 Values for 2024 Taxes	Acres	Zone
29051800401900	00010	$3,024,900	$0	0.3	MU
29051800402000	00010	$28,214,200	$0	0.0	MU
29051800402001	00010	$855,000	$855,000	1.1	MU
29051800402100	00010	$28,267,200	$0	0.0	MU
29051800402101	00010	$1,279,800	$1,279,800	1.8	MU
29051800402200	00010	$229,100	$0	0.3	MU
29051800402300	00010	$314,800	$314,800	0.5	MU
29051800402400	00010	$318,500	$0	0.3	MU
29051800402401	00010	$22,655,500	$22,655,500	0.0	MU
29051800402500	00010	$200,300	$0	0.3	MU
970100700110	00010	$25,100	$25,100	0.0	MU
970100700132	00010	$67,100	$67,100	0.0	MU
970100800213	00010	$107,000	$107,000	0.0	MU
970100800429	00010	$269,200	$269,200	0.0	MU
970100800431	00010	$179,800	$179,800	0.0	MU
970100800433	00010	$128,500	$128,500	0.0	MU
970100800435	00010	$92,300	$92,300	0.0	MU
Total		**$356,019,500**	**$78,144,000**	**426.6**	**Total**

Source: Tiberius Solutions with data provided by the Snohomish County Assessor's Office

Appendix B: Summary of Public Outreach

Summary of all public outreach conducted for the project and feedback received.

Appendix C: Alternate Scenario

The Port evaluated a more conservative financial scenario, with the same assumptions on tax allocation revenues, project funds, and amortization period, but assuming a higher all-in true interest cost. The alternate financing terms are based on the assumption that the debt would be tax-exempt, including current market rates as of October 13, 2023 plus 0.5%. Exhibit 26 shows the estimated terms of indebtedness for the alternate scenario.

Exhibit 26. Estimated Terms of Indebtedness for Proposed Port of Everett TIA Public Improvements, Alternate Scenario (Nominal $)

	LTGO 2024	LTGO 2025	Total
Closing Month	December 2024	December 2025	
Taxable Status	Exempt	Exempt	
True Interest Cost	5.3963%	5.3536%	
Par Amount	$ 8,705,000	$ 3,480,000	$ 12,185,000
Project Funds from Bond Proceeds	$ 8,877,635	$ 3,555,414	$ 12,433,049

Source: Northwest Municipal Advisors

Exhibit 27 shows the estimated debt service payments in the alternate scenario. Total debt service payments are estimated to cost $25,116,850 over the life of the TIA, compared to $24,956,750 in the baseline scenario.

Exhibit 27. Estimated Debt Service Payments, LTGO Debt for Proposed Port of Everett TIA Public Projects, Alternate Scenario (Nominal $)

	2024 LTGO			2025 LTGO			Total Debt Service
Year	Principal	Interest	Total	Principal	Interest	Total	
2025	$ -	$ 471,725	$ 471,725	$ -	$ -	$ -	**$ 471,725**
2026	$ -	$ 471,725	$ 471,725	$ -	$ 187,500	$ 187,500	**$ 659,225**
2027	$ -	$ 471,725	$ 471,725	$ -	$ 187,500	$ 187,500	**$ 659,225**
2028	$ -	$ 471,725	$ 471,725	$ -	$ 187,500	$ 187,500	**$ 659,225**
2029	$ -	$ 471,725	$ 471,725	$ -	$ 187,500	$ 187,500	**$ 659,225**
2030	$ -	$ 471,725	$ 471,725	$ -	$ 187,500	$ 187,500	**$ 659,225**
2031	$ -	$ 471,725	$ 471,725	$ -	$ 187,500	$ 187,500	**$ 659,225**
2032	$ 15,000	$ 471,725	$ 486,725	$ 5,000	$ 187,500	$ 192,500	**$ 679,225**
2033	$ 25,000	$ 470,975	$ 495,975	$ 10,000	$ 187,250	$ 197,250	**$ 693,225**
2034	$ 75,000	$ 469,725	$ 544,725	$ 30,000	$ 186,750	$ 216,750	**$ 761,475**
2035	$ 85,000	$ 465,975	$ 550,975	$ 40,000	$ 185,250	$ 225,250	**$ 776,225**
2036	$ 250,000	$ 461,725	$ 711,725	$ 100,000	$ 183,250	$ 283,250	**$ 994,975**
2037	$ 275,000	$ 449,225	$ 724,225	$ 110,000	$ 178,250	$ 288,250	**$ 1,012,475**
2038	$ 295,000	$ 435,475	$ 730,475	$ 125,000	$ 172,750	$ 297,750	**$ 1,028,225**
2039	$ 390,000	$ 420,725	$ 810,725	$ 155,000	$ 166,500	$ 321,500	**$ 1,132,225**
2040	$ 515,000	$ 401,225	$ 916,225	$ 205,000	$ 158,750	$ 363,750	**$ 1,279,975**
2041	$ 555,000	$ 372,900	$ 927,900	$ 220,000	$ 148,500	$ 368,500	**$ 1,296,400**
2042	$ 600,000	$ 342,375	$ 942,375	$ 235,000	$ 136,400	$ 371,400	**$ 1,313,775**
2043	$ 645,000	$ 309,375	$ 954,375	$ 255,000	$ 123,475	$ 378,475	**$ 1,332,850**
2044	$ 690,000	$ 273,900	$ 963,900	$ 280,000	$ 109,450	$ 389,450	**$ 1,353,350**
2045	$ 745,000	$ 235,950	$ 980,950	$ 295,000	$ 94,050	$ 389,050	**$ 1,370,000**
2046	$ 795,000	$ 194,975	$ 989,975	$ 320,000	$ 77,825	$ 397,825	**$ 1,387,800**
2047	$ 855,000	$ 151,250	$ 1,006,250	$ 340,000	$ 60,225	$ 400,225	**$ 1,406,475**
2048	$ 915,000	$ 104,225	$ 1,019,225	$ 365,000	$ 41,525	$ 406,525	**$ 1,425,750**
2049	$ 980,000	$ 53,900	$ 1,033,900	$ 390,000	$ 21,450	$ 411,450	**$ 1,445,350**
Total	**$ 8,705,000**	**$ 9,387,700**	**$ 18,092,700**	**$ 3,480,000**	**$ 3,544,150**	**$ 7,024,150**	**$ 25,116,850**

Source: Northwest Municipal Advisors

Exhibit 28 shows the combination of revenue sources expected to cover the debt service payments in the alternate scenario. It is expected that $22,216,665 of tax allocation revenues and $2,930,643 of the Port's regular property tax levy or other available revenues would be required to cover the full amount of debt service payments.

Exhibit 28. Tax Allocation Revenues and Debt Service Payments, Proposed Port of Everett TIA, Alternate Scenario (Nominal $)

Year	Payment	Revenue Source: Tax Allocation Revenue	Revenue Source: General Fund Resources	Tax Allocation Revenue Debt Service Coverage
2025	$ 471,725	$ 7,972	$ 463,753	0.02
2026	$ 659,225	$ 15,799	$ 643,426	0.02
2027	$ 659,225	$ 43,883	$ 615,342	0.07
2028	$ 659,225	$ 81,324	$ 577,901	0.12
2029	$ 659,225	$ 328,305	$ 330,920	0.50
2030	$ 659,225	$ 504,570	$ 154,655	0.77
2031	$ 659,225	$ 517,834	$ 141,391	0.79
2032	$ 679,225	$ 682,074	$ -	1.00
2033	$ 693,225	$ 695,472	$ -	1.00
2034	$ 761,475	$ 761,574	$ -	1.00
2035	$ 776,225	$ 775,413	$ 812	1.00
2036	$ 994,975	$ 995,253	$ -	1.00
2037	$ 1,012,475	$ 1,011,192	$ 1,283	1.00
2038	$ 1,028,225	$ 1,027,066	$ 1,159	1.00
2039	$ 1,132,225	$ 1,135,252	$ -	1.00
2040	$ 1,279,975	$ 1,280,944	$ -	1.00
2041	$ 1,296,400	$ 1,299,187	$ -	1.00
2042	$ 1,313,775	$ 1,317,425	$ -	1.00
2043	$ 1,332,850	$ 1,335,673	$ -	1.00
2044	$ 1,353,350	$ 1,353,973	$ -	1.00
2045	$ 1,370,000	$ 1,372,329	$ -	1.00
2046	$ 1,387,800	$ 1,390,746	$ -	1.00
2047	$ 1,406,475	$ 1,409,227	$ -	1.00
2048	$ 1,425,750	$ 1,427,777	$ -	1.00
2049	$ 1,445,350	$ 1,446,401	$ -	1.00
Total	**$ 25,116,850**	**$ 22,216,665**	**$ 2,930,643**	**0.88**

Source: Northwest Municipal Advisors and Tiberius Solutions

Appendix D: Memorandum to Office of the State Treasurer – January 26, 2024

DATE: January 26, 2024
TO: Jason Richter, Washington Office of the State Treasurer
FROM: Nick Popenuk
SUBJECT: ADDITIONAL INFORMATION ON PROPOSED PORT OF EVERETT TAX INCREMENT AREA PLAN OF FINANCE

RCW 39.114.7(b) requires each jurisdiction considering the adoption of a TIA to submit the project analysis report to the Office of the State Treasurer (OST) for review. During this review process, OST requested additional information from the Port of Everett (Port) on the comprehensive plan of finance for all of the public improvements identified in the project analysis report. This memorandum provides additional information from the Port to OST on this issue.

The Port has identified public improvements with a total estimated cost of $90.7 million to be built within the boundary of the proposed TIA. These projects have been identified through past visioning and planning efforts by the Port, and numerous public and private investments have already been made in this area. Each of the public improvements identified in the project analysis will remove barriers to private development and incentivize new private investment to occur. However, not all of these projects are expected to occur at once, and it is the intent of the Port to build them incrementally over time as sufficient funds become available.

The proposed TIA is estimated to generate sufficient cashflow to support $13 million of capital investment, assuming limited general obligation (LTGO) bonds issued in 2024 and 2025. This would provide a critical source of funding for the Port to begin making public investments in the area, but the Port will continue to explore other funding sources to fully implement the list of public improvements in future years.

In addition to the LTGO bond funds supported by the projected TIA revenues ($12.6 million when adjusted for inflation and presented in constant 2023 $), the Port plans to pursue grant funding ($12.0 million), intergovernmental agreements with local government partners ($7.0 million), and contributions from private developers ($3.1 million). Collectively these sources are estimated to generate $34.6 million of funding for public improvements in the area, approximately 38 percent of total project costs. To fully fund every project on the list, the Port would still need to secure an additional $56.2 million of funding from unidentified sources, which could include drawing down Port reserves, sale of assets, current Port revenues or future Port borrowing. Exhibit 1 summarizes these estimates sources of funds below.

Exhibit 1. Estimated Sources of Funds, Port of Everett Proposed TIA Public Improvements (2023$)

Source	Amount (2023$)	
TIA LTGO Bond Proceeds	$	12,560,000
Grants	$	11,970,000
Intergovernmental Agreements	$	6,960,000
Private Contributions	$	3,080,000
Other Port Resources	$	56,150,000
Total	**$**	**90,720,000**

Source: Port of Everett

The Port does not intend to incur debt for any of the public improvements without first having clearly identified revenues to repay that debt. Decisions on project funding will be made annually, through the Port's updates to its Capital Improvement Plan (CIP). Through the CIP process, the Port will modify the timing and scope of public improvements in response to current conditions. Whenever the Port considers undertaking new indebtedness, the Port balances the estimated future repayment costs from issuing additional debt against the benefits of accelerating delivery of public projects. If the benefits (both financial and community) do not outweigh the additional costs of debt service, then the Port will delay project construction until other funding sources can be secured.