



Preliminary Citizen Budget Guide 2022

Enhancing
maritime commerce,
jobs and a
healthy community

www.portofeverett.com



About the Port

The Port of Everett is located in Washington State on Port Gardner Bay at the mouth of the Snohomish River. The Port was originally formed by the citizens of Everett in 1918 to create economic opportunities 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.

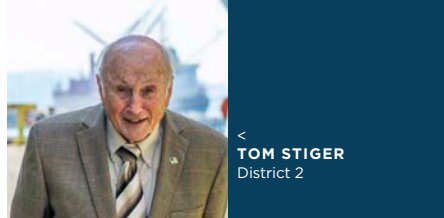
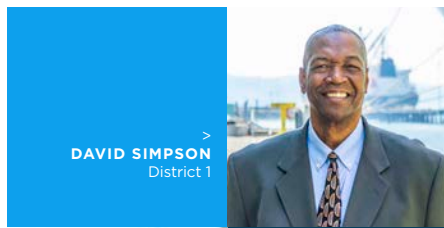
The Port of Everett operates three lines of business: 1) international shipping terminals; 2) marina facilities; and 3) real estate development. The Port operates eight shipping berths situated on approximately 125 acres of land, and specializes in high-value and heavy cargoes, such as national security cargoes, forest products, agricultural, energy, and farm equipment. The seaport is a vital link for the aerospace industry, handling all the oversized parts of the Boeing 747, 767 (commercial and military), 777 and 777X airplane production lines.

The Port of Everett 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 to enjoy supporting a vibrant, livable and balanced waterfront that generates economic and recreational opportunities.

Through its operations, the Port supports nearly 40,000 jobs and contributes \$433 million to state and local taxes*.

**The 2019 Economic Impact of the Port of Everett by Martin Associates; Pre COVID-19*

PORT LEADERSHIP



VISION

The Port's vision is to create quality jobs and support a healthy and attractive quality of life for District residents and businesses. We do this, in part, by investing in a balanced waterfront that improves the region's economy, commerce, community, environment, recreation and supporting high-functioning infrastructure.

MISSION

Enhancing maritime commerce, jobs and a healthy community

CORE VALUES

- Highest ethical standards
- Honor our commitment to our community
- High-performers that value the privilege of public service
- Embrace the richness of a diverse community
- Responsible stewards of community resources and the environment
- Dependent and supportive partner



@portofeverett | #portofeverett

2022 Budget Message

The Port of Everett Commissioners, working with Port staff, have developed a budget for 2022 that continues to implement the Port's Strategic Plan and overall vision of a vibrant and balanced working waterfront.

The 2022 budget and financing plan take into account anticipated financial impacts resulting from the on-going COVID-19 pandemic. The 2022 budget positions the Port to address the significant opportunities that are before it to support economic recovery and jobs, while being mindful of the needs of current operations.

The Port is budgeting total expenditures in 2022 of \$88.9 million, consisting of:

- Capital investments of \$53.7 million
- Operating expenses of \$25.3 million
- Debt service of \$9.3 million
- Non-operating expense for public access of \$600,000

The 2022 - 2026 Capital Improvement Plan continues to develop the Everett waterfront as a place of commerce, as well as a place for citizens and guests to recreate. The plan includes 111 projects that advance the Port's Strategic Plan by:

- Completing construction of the new Norton Terminal at the former Kimberly-Clark mill site
- Continuing to build public infrastructure and mixed-use developments at Waterfront Place, including building out new commercial retail pads at Fisherman's Harbor and moving into planning and development in the second phase in the Millwright District
- Finishing all interior earth work and breaching the dike to complete the Blue Heron Slough mitigation bank
- Completing maintenance dredging and adding a new restroom at Jetty Landing & Boat Launch
- Beginning reconfiguration of the fuel dock, and
- Continuing cleanup of legacy contamination

Each of these efforts will require significant investment from the Port. The Capital Improvement Plan proposes \$103 million through 2026.

Operating Revenues are budgeted at \$31.5 million, an increase of 10.2% from the 2021 budget, driven by the impacts of the COVID-19 pandemic. These revenues will be used to pay for the Port's direct operational expenses, including administrative overhead, of \$25.3 million, an increase of 12.3% from the 2021 budget. The operating budget accounts for increased costs due to insurance increases, environmental reporting and employment levels returning to 2019 levels.

The preliminary budget assumes Non-operating Revenue of \$5.2 million, primarily from property taxes. This represents a 1% increase in the amount of tax collected. The primary Non-operating Expense is interest on outstanding debt of \$2.9 million, an increase of 4.5% from the 2021 budget.

In addition to cash generated by on-going activities, the Port expects to receive grants and loans of \$26.9 million.

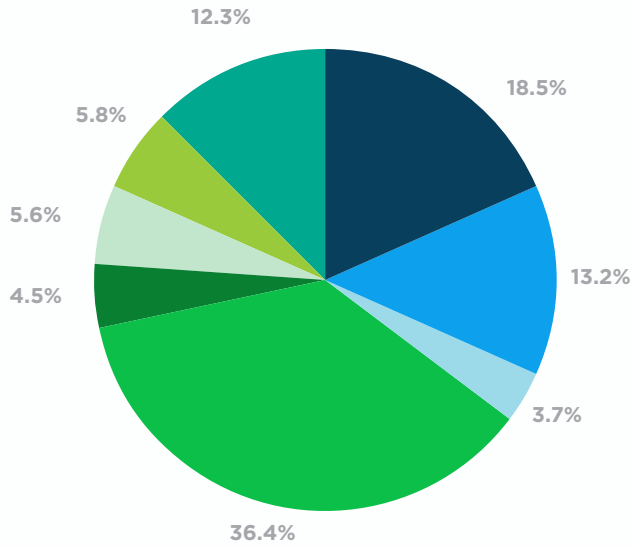
The Port Commission has held numerous regular Port Commission meetings on the budget and will open a formal public hearing at the November 9 Port Commission meeting. The public hearing includes a week-long public comment period, prior to expected budget adoption at the November 16 Special Port Commission Meeting.

Eric Russell
Port of Everett CFO

2022 BUDGET ASSUMPTIONS

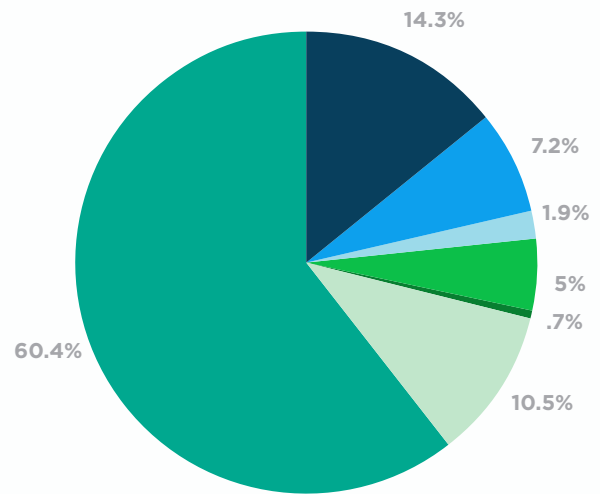
- Airline industry continues to struggle
- Marina stays steady
- Ship repair industry is strong
- Industrial development remains steady
- Complete construction of a new cargo terminal (Norton Terminal) at former Kimberly-Clark mill site to open in Q4 2022
- Development of new leased buildings
- Supply chain issues resolve early 2022

2022 BUDGET FUNDING PLAN: \$88.9 MILLION



Sources

- 18.5% ● Terminals
- 13.2% ● Marina
- 3.7% ● Properties
- 36.4% ● Grants / Contributions
- 4.5% ● Sale of Property
- 5.6% ● Debt Issuance
- 5.8% ● Property Tax
- 12.3% ● Reserves



Uses

- 14.3% ● Terminals
- 7.2% ● Marina
- 1.9% ● Properties
- 5% ● Administration
- .7% ● Public Access
- 10.5% ● Debt Service
- 60.4% ● Capital Investment

2022 Budget Overview

- **Total Operating Revenue:** \$31.5 million
- **Total Operating Expenses:** \$25.3 million
- **Total Capital Budget:** \$54.3 million
- **Port Tax Collection:** \$5.2 million
- **New Debt Issuance:** \$5 million
- **Annual Debt Service:** \$9.3 million
- **Net Income (Before Depreciation):** \$6.2 million

2022 Funding Plan Includes:

- **Grants/Contributions:** \$33.4 million
- **Property Sales:** \$4 million

Budget Assumptions

- Modest revenue growth in Marina
- Reduction in Seaport activity
- Expenses up due to increasing prices and added staff

Strategic Initiatives 2022

In 2022, the Port of Everett is implementing a capital budget totalling \$53.7 million consisting of 81 individual projects. The Port Commission's top capital priorities include modernizing and expanding the Seaport, including developing the former Kimberly-Clark mill site into the new Norton Terminal, continuing to build out Waterfront Place, and developing new marina facilities.

Seaport Modernization

Modernize and expand Port of Everett Seaport to meet 21st Century infrastructure needs and support maritime opportunities

- Norton Terminal Development
- South Terminal Improvements & Expansion
- South Terminal (WeyCo Mill A) Cleanup Planning
- Pacific Terminal Improvements
- Security Upgrades

Total: \$38M
2022 Expenditures: \$29.1M



Creating a New Waterfront Community at Waterfront Place

Phasing of new waterfront community, including primary infrastructure and commercial mixed-use developments

- Public Infrastructure Improvements
- New Retail & Restaurant Buildings
- Wharf's Edge Infrastructure Improvements
- Millwright District Infrastructure Improvements

Total: \$29.8M
2022 Expenditures: \$9.3M

Taking Care of Facilities: Maintenance/Preservation

Provide for asset replacement, maintenance and preservation in Seaport, Marina and Real Estate divisions

- Seaport Pile & Bulkhead Restoration
- Segment E Bulkhead
- Marina Gates & Gangways
- Marina Access Controls
- Boat Launch Dredging

Total: \$13.5M
2022 Expenditures: \$3.7M



Develop Sustainable Marina Operations

Develop and implement a comprehensive marina services plan to ensure success of marina operations and funding for recapitalization

- Fuel Dock Reconstruction
- Fuel Tanks Relocation
- Marina Maintenance Dredging

Total: \$11.5M
2022 Expenditures: \$3.6M



Industrial Economic Development

Expand the Port's lease portfolio and enhance under-utilized real estate

- Mukilteo Waterfront Parklet
- Mukilteo Property Master Planning
- Puget Sound Initiative Environmental Cleanup Program
- Property Acquisition Opportunities

Total: \$4.1M
2022 Expenditures: \$2.2M

Other Projects

- Cargo Handling Equipment
- Operations Vehicle Acquisitions
- New Jetty Landing Restroom Rebuild

Total: \$6.3M
2022 Expenditures: \$5.9M

Port of Everett Locations & Key Projects

PORT OF EVERETT

Creating a
Community at V

Port Developed
Riverside Business Park



Blue Heron Slough Mitigation Bank
1.5 miles northeast

Union Slough
Wetland Mitigation





Future Mukilteo Waterfront Development

Port Gardner Bay

Seaport Modernization

Taking Care of Facilities: Maintenance/Preservation

SEAPORT

PORT OF EVERETT MARINA

New Waterfront Waterfront Place

Develop Sustainable Marina Operations

WATERFRONT PLACE

JETTY ISLAND

Bay Wood Shoreline Cleanup & Industrial Development

International Seaport

Budget Overview

- Operating Revenue: \$16.4 Million
- Operating Expenses: \$12.7 Million
- 2022 Capital Budget: \$33.8 Million
- 52.2% of Total Port Operating Revenues

Budget Assumptions

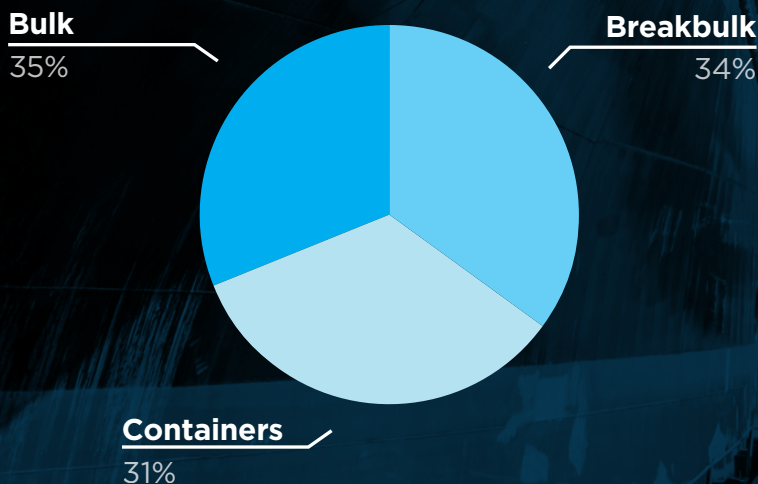
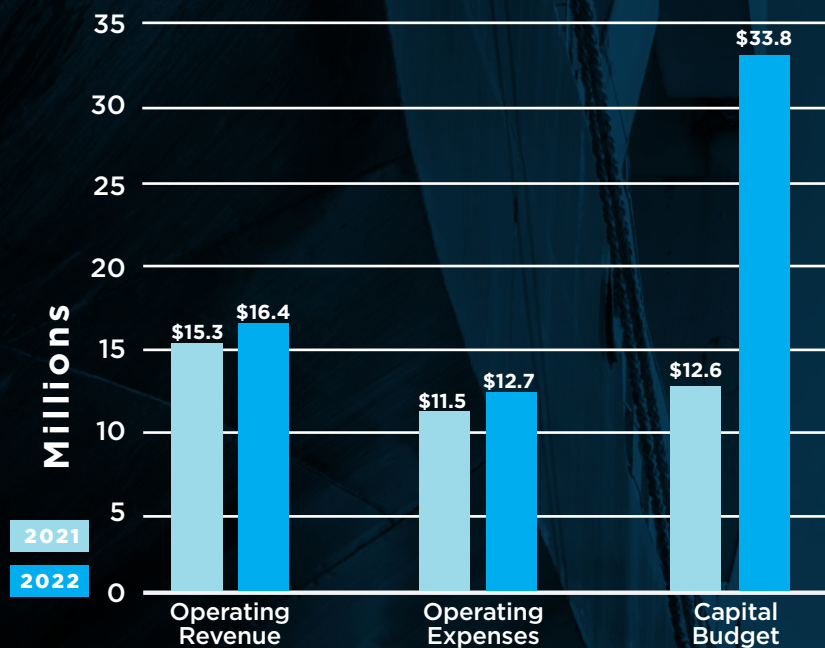
- Norton Terminal opens in fall 2022
- No increase in aerospace business
- Flat growth in project cargoes
- Decreased margin expected due to increasing costs
- Trade tariffs continue
- Supply chain issues ease by Q1

Community Benefits

- Supports major employer in Washington state
- Nearly 40,000 jobs supported
- Generates nearly \$433 million in tax revenue
- Supports local/regional economic recovery and job restoration efforts

Challenges

- Pandemic effects on shipping
- Labor shortages
- Travel industry upheaval
- Federal policy uncertainty



Annual Cargo Statistics

	2016	2017	2018	2019	2020	2021 (YTD)
OUTBOUND						
LOGS (FMB)	18,760,200	20,779,290	7,010,400	-	-	-
GENERAL CARGO/N.O.S (S/T)	893	7,817	1,794	1,314	58,088	68,979
CONTAINERS (TEUs)	9,237	7,808	4,622	5,781	3,376	2,848
INBOUND						
CEMENT (S/T)	28,771	70,525	110,797	121,542	88,618	164,767
GENERAL CARGO/N.O.S (S/T)	14,739	9,320	26,990	43,062	24,130	33,331
CONTAINERS (TEUs)	18,143	11,842	8,628	9,976	7,721	23,872
VESSEL CALLS						
SHIPS	85	90	82	99	87	86
BARGES	57	43	40	52	30	5
TONNAGE COMPARISON (SHORT TONS)						
CEMENT	28,771	70,525	110,797	121,542	88,618	164,767
GENERAL CARGO/N.O.S (S/T)	15,632	17,137	28,784	44,376	82,208	102,310
CONTAINERS	94,849	92,941	75,710	89,751	71,222	149,985
WOOD FIBER PRODUCTS						
DOCK	-	-	-	-	-	-
OVERSIDE	117,541	138,774	43,615	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	256,793	319,377	258,906	257,671	242,048	417,062

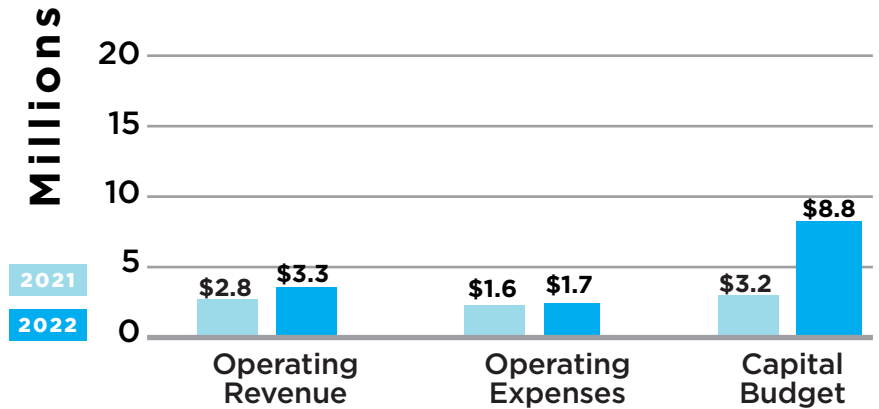
Commercial & Industrial Real Estate

Budget Overview

- Operating Revenue: \$3.3 Million
- Operating Expenses: \$1.7 Million
- 2022 Capital Budget: \$8.8 Million
- 10.5% of Total Port Operating Revenues

Budget Assumptions

- Revenues expected to increase due to short-term leases
- New property complete in Q4 2022



Community Benefits

- Investing in a new waterfront community
- Improving public access to the waterfront
- Creating opportunities for job growth
- Supporting local economic recovery

Challenges

- Aerospace industry decline
- Timing of new development revenues
- Capital investment to realize stable real estate revenues

2022 ACTIVE LEASES

MARINE RELATED

- Bayside Marine
- Bellingham Yachts Sales
- Copper River Yacht Sales
- Everett Yacht Club
- Everett Yacht Service & Repair
- Freedom Boat Club
- Harbor Marine
- Heritage Electric
- Kayak Share
- Mariner Marine Services
- Marine Power Service
- Milltown Sailing Association
- OceanGate
- Port Gardner Yacht Brokerage
- Propulsion Controls Engineering
- Puget Sound Composites
- Waterline Boats
- West Marine
- Your Boat Shop

RETAIL & OFFICE

- A+ Hearing Aids
- Bay Psychiatric
- Dunlap Industrial Supply
- Everett Clinic Medical Group
- Everett Realty
- Evergreen Moneysource Mortgage
- Hotel Indigo
- Inn at Port Gardner
- Laura Lou Massage
- Northwest Retina
- NSF Seafood
- Precious Medical Spa
- Remax
- Water's Edge Salon
- Remax
- Walters and Wolfe
- Western Washington Medical Group

RESTAURANT

- Anthony's Homeport
- Anthony's Woodfire Grill
- Bluewater Distilling
- Ivar's Mukilteo Landing
- Lombardi's Italian
- Scuttlebutt Brewing Co
- Seas the Day Café

COMING SOON!

- Fisherman Jack's
- South Fork Bakery
- Wood's Coffee

OTHER

- City of Everett Police Department
- Everett Community College ORCA



Marina



Budget Overview

- Operating Revenue: \$11.7 Million
- Operating Expenses: \$6.4 Million
- 2022 Capital Budget: \$5.4 Million
- 37.3% of Total Port Operating Revenues

Community Benefits

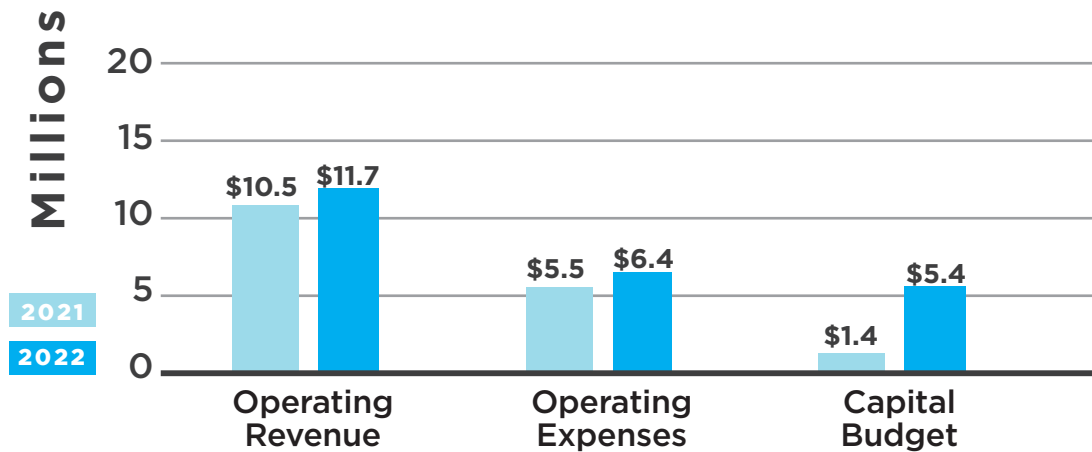
- State's largest recreational boating community
- More than 1,000 jobs supported
- Extensive waterfront public access network

Budget Assumptions

- Anticipate modest revenue increase due to occupancy growth
- Expenses are rising (i.e. utilities, water)

Challenges

- Generating enough operating margin to recapitalize the marina facilities
- Regulatory environment



Environment

- Active Cleanup Projects
- Completed Cleanup Projects

Weyerhaeuser
Everett East

Mill-A
Kimberly-Clark
East Waterway
14th Street VCP
Everett Shipyard
ABW VCP
Ameron-Hulbert
TC Systems
Bay Wood

2022 Environmental Initiatives

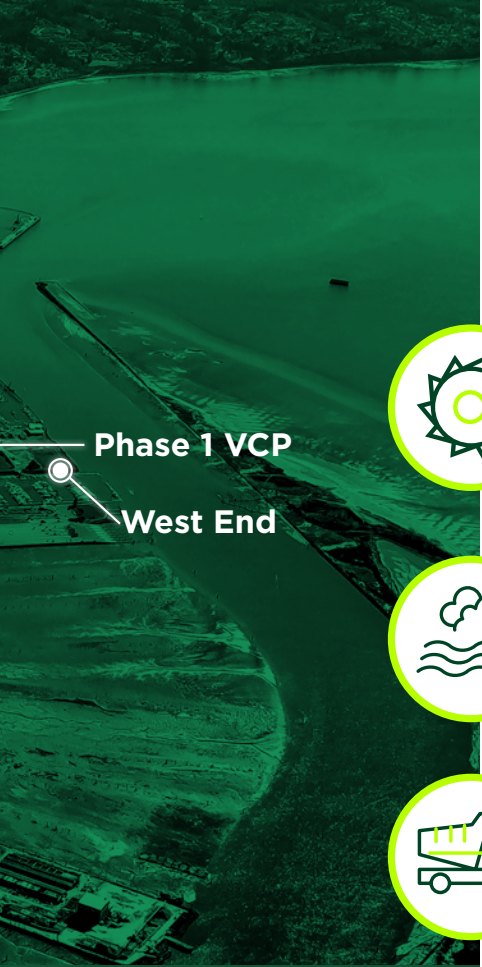
Blue Heron Slough: The Port's Blue Heron Slough project sets out to restore 353 acres of salmon habitat in the tidelands between north Everett and south Marysville. The project, which began in 2019, started grabbing attention of many I-5 travelers as a "mystery mound" began to form on the east side of the freeway. The mound represents a protective dike constructed to create various channels and tidal areas to make up critical habitat environment, and this work is now 90% complete. All other interior earth work is about 75% complete. Port partner Wildlands and contractor Dungeness remain on target to breach the old agricultural dikes in 2022 to flood the land to support the recovery and health of salmon and other aquatic species. Breaching the dike will complete the intertidal estuary and wetland, which doubles as an environmental mitigation bank to expedite economic development in our region and enhance its environmental health.

Former Kimberly-Clark Mill Site (Upland): In late 2020, Kimberly-Clark (K-C) completed its 2nd interim action cleanup at the former K-C mill site under an Agreed Order with the Washington State Department of Ecology (Ecology), a requirement set as part of the Port's purchase of the site in late-2019. With this condition in place, and the regulatory requirements established by Ecology, the Port was able to expedite site cleanup, which included removal of 18,000 tons of contaminated soil and more than 200,000 tons of crushed building rubble. While K-C's cleanup took place, the Port forged ahead with its cleanup and redevelopment planning to facilitate the Port Commission's vision of a new maritime hub to support near-term seaport operations and jobs at the site, including construction of a 33-acre marine shipping terminal — Norton Terminal. The Port is now conducting a 3rd MTCA Interim Action at the site under a cleanup agreement with Ecology. This integrated cleanup and

redevelopment is installing a low permeability cap over a majority of the site to cover any remaining residual soil contamination and improve groundwater quality. The cap will provide permanent environmental controls and a state-of-the art stormwater treatment for the first time in the site's history, which in combination will serve to protect the health of the Puget Sound. This work represents the final physical cleanup at the upland site and paves the way for a new maritime hub to restore jobs and strengthen the economy.

Former Weyerhaeuser Mill-A: The Port is working with The Weyerhaeuser Company and the Washington State Department of Ecology (Ecology) to conduct a study that will determine the range of cleanup options for Weyerhaeuser's former Mill-A site that encompasses the Port's South and Pacific Terminal berths at the Seaport, and the surrounding bay. The contamination in review stems from former mill operations on site, and the study will present the options for cleaning it up. The cleanup options will take into account requirements of the Port's efforts to modernize its South and Pacific Terminals, which are being prepared to handle the next generation of ships and cargo. The Port is using a unique combination of state loans and grants to fund the project to shovel ready status, including a \$4.3 million loan from Ecology — the first to be awarded in agency history, which will provide critical grant match funding as the Port pursues cost recovery from Weyerhaeuser. The Port is targeting cleanup to commence by 2024, once Ecology has decided on the final cleanup plan, the engineering design is completed, and necessary permits are in hand.

WHY CLEANUPS MATTER



Restores healthy land and water from our City's mill town past; Port works in partnership with legacy parties to clean up sites



For every \$1 spent on environmental cleanup, \$7 in economic output is generated



Puget Sound Initiative (2006) identified 215 acres to be cleaned up, all either complete or under cleanup action now



In the next few years, the Port will double its environmental cleanup investment on the waterfront



Facilitated more than \$33M in cleanup since early 2000s; \$25M at the destination waterfront

TC Systems: The Port acquired the Norton Industries property in 2019 to expand its land holdings in a critical location of the Waterfront Place Craftsman District. As part of the acquisition, the Port took on a relatively small but ongoing formal cleanup site known as TC Systems. The Port will work with Ecology on the Remedial Investigation and Feasibility Study, which will select the preferred cleanup option.

East Waterway: Developed in the early 1900s, the East Waterway was a hub of industry at the Everett waterfront, being the home of two major mills, the Navy, shipyards, shipping terminals, and other industrial activities. Legacy contamination stemming from the site's heavy historic uses is currently being addressed by Ecology through the formal state cleanup process under an Agreed Order. The project is currently in the beginning stages and will likely take more than a decade to complete.

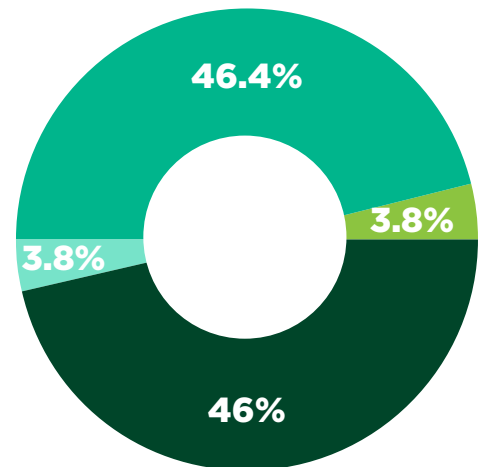
Challenges

- Potentially liable party funding
- Continued depressed oil prices since 2014 decline have reduced available funds for environmental remediation
- Washington State Legislature continues to expand the uses of the voter-approved Model Toxics Control Account (MTCA) funds, which were specifically meant to remediate historic contamination

Community Benefits

- Restores and enhances the health of the Puget Sound
- Restores economic prosperity to under-utilized assets
- Creates/restores jobs

How is the \$15.1 million in cleanups funded?



- Port Operations
- Settlement
- Ecology
- Loans

Public Access

2021 Public Access Achievements

Return of Jetty Island Days

In summer 2021, a partnership between the City of Everett, Port of Everett and Snohomish County allowed the City's popular Jetty Island Days programming and ferry transportation to make a comeback. A new online reservation system was also implemented allowing island-goers to reserve their spot on the ferry.



Opening of NEW Mukilteo Fishing Pier & Guest Moorage Dock

In June 2021, the Port opened its new Mukilteo Fishing Pier & Guest Moorage Dock. Located adjacent to the new Mukilteo Ferry Terminal, the new public access pier offers a nearly 2,000 sq. ft. dock for recreation, including fishing, crabbing and sightseeing, and connects to a new, 30-foot long by 8-foot wide seasonal guest moorage dock offering 60 lineal feet of side-tie moorage. A new 80-foot, ADA-compliant aluminum gangway attaches from the guest dock to the pier, providing direct access into Mukilteo's walkable waterfront.



Return of In-Person Waterfront Special Events

This year we saw the return of many beloved special events, in-person and with applicable COVID-19 guidance in place, such as Fresh Paint Arts Festival, Music at the Marina, Rock the 4th, Wheels on the Waterfront, fishing derbies, marathons, charity walks, harbor tours and more.



Coming Soon!

NEW Jetty Landing & Boat Launch Restroom

The Port of Everett, City of Everett and Snohomish County are partnering to rebuild the Jetty Landing and Boat Launch restroom to better meet the growing demand of this heavily used public facility. The project will remove the existing restroom built in the 1980s to serve the then six lane boat launch, as well as park and Jetty Island goers, and replace it with a modern day, modular, family-style restroom. The new facility will more than double the number of restroom stalls, improve ADA accessibility, and incorporate environmentally friendly features. In 2020, the project was awarded a \$595,000 grant by the Washington State Recreation and Conservation Office to offset the investment. The restroom is expected to open spring 2022.

Boat Launch Dredging

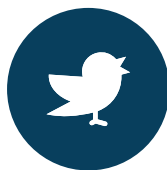
This winter, the Port is completing maintenance dredging at the Jetty Landing Boat Launch to remove up to 41,000 cubic yards (CY) – equivalent to about 4,000 dump trucks loads – of river sediment that has settled in the launch basin and is greatly impacting facility use at low tide. The Port is also seeking emergency authorization to expand its dredging authorization beyond the launch footprint to mitigate a growing sandbar that has formed in the river, limiting access between the high-use public facility and the Snohomish River Navigation Channel to the west. If granted, the Port could dredge an additional 8,000 CY to create a connector channel through the sandbar.

Mukilteo Waterfront Parklet

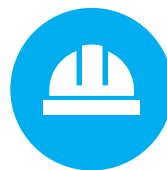
The Port is working with the City of Mukilteo, Washington State Ferries and long-time tenant Ivar's Mukilteo Landing to create new public access at the former ferry landing located off Front Street and SR 525 in Mukilteo. The project is revising the Port-owned site into a "parklet" with a viewing platform, a passive park with seating, and expanded outdoor patio space at Ivar's.



Investing and maintaining more than 1,500 acres (more than 50% of landholdings) of appropriate public access



Balance public access and recreation with habitat and environment (i.e. Jetty Island, Union Slough)



Working waterfront supports City-wide public access through Port's 2% public access policy



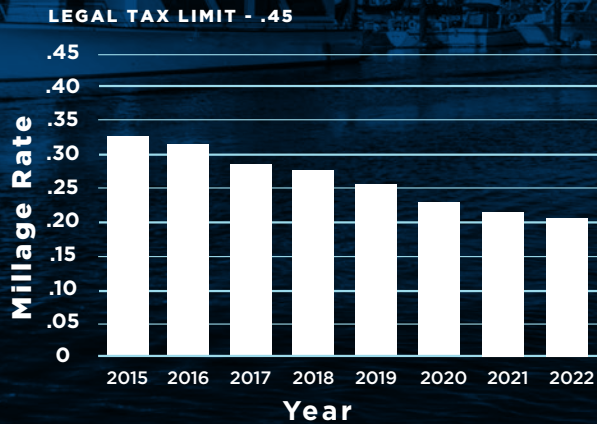
Have invested more than \$26M in new waterfront public access since 2006; millions more in the works

2022 Property Tax Levy

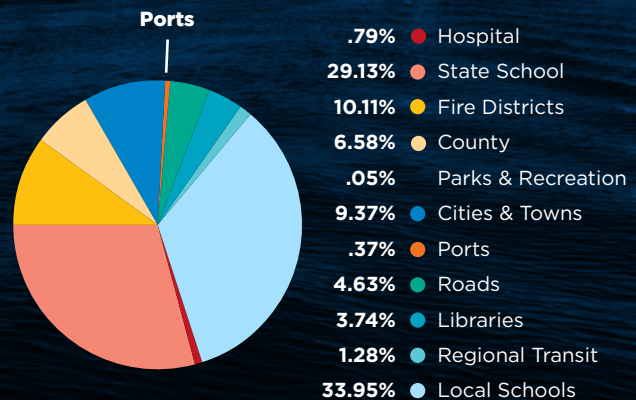
Under state statute, ports are special purpose districts tasked with economic development. While ports are a taxing authority, they are run and funded quite differently than a general purpose government (like a city or county) that is funded almost solely by tax revenue. The Port of Everett's tax assessment is the second lowest in Snohomish County, and is dedicated exclusively to public access, environmental remediation and/or debt service.

- **Port portion of tax bill:** Total estimated annual Port tax for a \$450,000 home in 2021 is \$102.15. In 2022, it is projected to be \$98.10.
- **Millage rate:** \$.218-cents per assessed \$1,000
- **Total tax collection:** \$5.2 million (5.8% of budget)
- **How are the taxes used?** Environmental restoration, public access and debt service
- **How are the taxes not used?** Any operating costs, including salaries and benefits
- **What do I get in return?** Necessary infrastructure to support nearly 40,000 jobs (82% in Snohomish County); and \$433 million in state and local taxes that help fund schools, public safety and social services. This funding allows the Port to take an active role in restoring contaminated property and creating waterfront access.

Tax Rate Trends



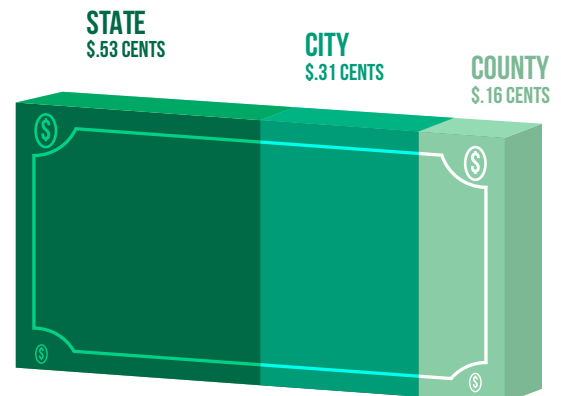
Snohomish County Distribution of Taxes 2021



About Leasehold Excise Tax

DID YOU KNOW?

- Port tenants pay a 12.84% Leasehold Excise Tax (LET) in lieu of property tax
- For every \$1 of LET collected, the state receives .53 cents, the City of Everett receives .31 cents and Snohomish County receives .16 cents
- The Port remits the tax collected to the state, who distributes to the correct jurisdictions
- In 2020, the Port collected approximately \$1.35M in Leasehold Excise Tax for distribution to the jurisdictions
- The Port's economic development activities generate high value for our city, county and state via jobs, revenues, income and taxes





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