



Port of Everett
**Citizen Budget
Guide 2024**

November 14, 2023

Enhancing
maritime commerce,
jobs and a
healthy community

www.portofeverett.com



About the Port

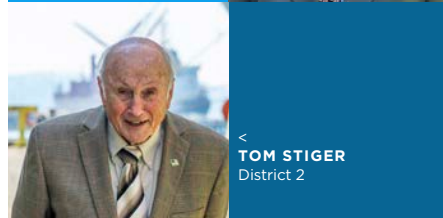
The Port of Everett is located in Washington State on Port Gardner Bay at the mouth of the Snohomish River. The Port was originally formed by the citizens of Everett in 1918 to create economic opportunities and protect the waterfront for the community. The Port has a long history of providing marine-related 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 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 747 (retired), 767, 777, 777X and K-C Tanker.

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 and visitors 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*

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



2024 Budget Message

The Port of Everett Commission, working with Port staff, have developed a budget for 2024 that continues to implement the Port's Strategic Plan and overall vision of a vibrant and balanced working waterfront.

The 2024 budget and financing plan takes into account anticipated financial implications resulting from current economic factors, including historic inflation. The 2024 budget positions the Port to address the significant opportunities that are before it to support economic development and jobs, while being mindful of the needs of current operations.

The Port is budgeting total expenditures in 2024 of \$83.1 million, consisting of:

- Capital investments of \$37.0 million
- Operating expenses of \$36.4 million
- Debt service of \$8.6 million
- Non-operating expense for public access of \$693,000
- Other costs of \$365,000

The 2024 - 2028 Capital Improvement Plan continues to develop the waterfront as a place of commerce, as well as a place for citizens and guests to recreate. The plan includes 46 projects that advance the Port's Strategic Plan by:

- Investing in maritime infrastructure to modernize the Seaport and support the movement of commerce, while also greening the supply chain
- Building out public infrastructure and mixed-use elements at Waterfront Place, including new destination retail and restaurant pads at Fisherman's Harbor, and moving into development for the second phase at the Millwright District

- Continuing to recapitalize and upgrade Marina infrastructure, including fuel dock replacement and reconfiguration, covered moorage upgrades and more
- Exploring new economic development opportunities, such as waterfront redevelopment planning efforts in Mukilteo, and
- Systematic cleanup of legacy contamination along the waterfront as part of the Puget Sound Initiative

Each of these efforts will require significant investment from the Port. The Capital Improvement Plan proposes \$105.1 million through 2028.

Operating Revenues are budgeted at \$48.6 million, an increase of 13.5% from the 2023 budget. These revenues will be used to pay for the Port's direct operational expenses, including administrative overhead of \$36.4 million, an increase of 14.8% from the 2023 budget. The operating budget accounts for increased costs due to insurance increases, environmental reporting and increased employment levels.

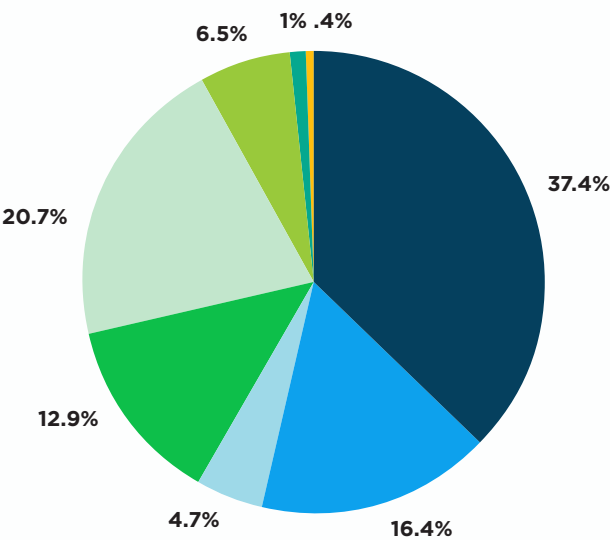
The preliminary budget assumes Non-operating Revenue of \$5.4 million, primarily from property taxes. The primary Non-operating Expense is interest on outstanding debt of \$3 million, an increase of 8.3% from the 2023 budget.

In addition to cash generated by on-going activities, the Port expects to receive grants and loans of \$27.8 million.

The Port Commission held numerous Port Commission meetings on the budget and opened a formal public hearing at the November 7, 2023 Port Commission meeting. The public hearing included a week-long public comment period prior to final budget adoption at the November 14, 2023 Port Commission Meeting. No public comments were received during the public hearing.

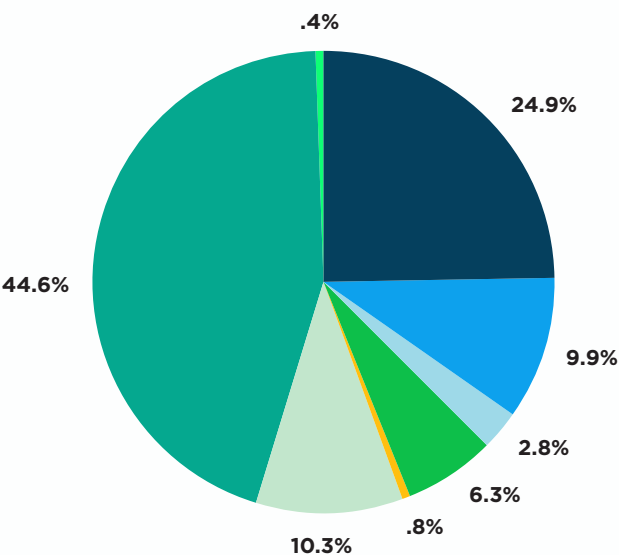
Eric Russell
Port of Everett CFO

2024 BUDGET FUNDING PLAN: \$83.1 MILLION



Sources

- 37.4% Terminals
- 16.4% Marina
- 4.7% Properties
- 12.9% Grants / Contributions
- 20.7% Debt Issuance
- 6.5% Property Tax
- 1% Reserves
- .4% Other



Uses

- 24.9% Terminals
- 9.9% Marina
- 2.8% Properties
- 6.3% Administration
- .8% Public Access
- 10.3% Debt Service
- 44.6% Capital Investment
- .4% Other

2024 Budget Overview

- **Total Operating Revenue:** \$48.6 million
- **Total Operating Expenses:** \$36.4 million
- **Total Capital Budget:** \$37 million
- **Port Tax Collection:** \$5.4 million
- **New Debt Issuance:** \$17.2 million
- **Annual Debt Service:** \$8.6 million
- **Net Income (Before Depreciation):** \$12.2 million

2024 Funding Plan Includes:

- **Grants/Contributions:** \$10.7 million

Budget Assumptions

- Steady activity at Seaport; increase in aerospace activity
- Strong demand for moorage during peak season
- Lease property remains fully occupied
- New commercial buildings online
- Continued tight insurance market
- Increase in employee counts

Strategic Initiatives 2024

In 2024, the Port of Everett is implementing a capital budget totaling \$37 million consisting of 46 individual projects. The Port Commission's top capital priorities include modernizing the seaport with a focus on greening the supply chain, continuing to build out destination retail and mixed-use amenities at Waterfront Place, upgrading and developing new marina facilities and systematically cleaning up the waterfront through Puget Sound Initiative projects.

Seaport Modernization

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

- Mill A Cleanup
- Master Planning
- Electrification & Utility Upgrades
- East Waterway Cleanup

Total: \$14.8M

2024 Expenditures: \$5.2M



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
- Millwright District Infrastructure Improvements
- Public Open Space & Art Projects

Total: \$47.2M

2024 Expenditures: \$17.4M



Taking Care of Facilities: Maintenance/Preservation

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

- Seaport Pile & Bulkhead Restoration
- Refresh Buildings
- Bulkhead Improvements along West Marine View Drive

Total: \$18.5M

2024 Expenditures: \$4.4M



Develop Sustainable Marina Operations

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

- Complete New Maintenance Shop
- Begin Fuel Dock Reconstruction & Reconfiguration

Total: \$21M

2024 Expenditures: \$7.4M

Industrial Economic Development

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

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

Total: \$1.8M

2024 Expenditures: \$.7M

Other Projects

- Cargo Handling Equipment
- Cyber Security Upgrades

Total: \$1.8M

2024 Expenditures: \$1.6M

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





**Seaport
Modernization**

**Future Mukilteo
Waterfront Development**

*Port
Gardner Bay*

SEAPORT

**Taking Care of Facilities:
Maintenance/Preservation**

**New Waterfront
Waterfront Place**

PORT OF EVERETT MARINA

WATERFRONT PLACE

**Develop Sustainable
Marina Operations**

JETTY ISLAND

**Completed Bay Wood
Shoreline Cleanup
& Business Park**

International Seaport

Budget Overview

- Operating Revenue: \$31.1 Million
- Operating Expenses: \$20.7 Million
- 2024 Capital Budget: \$10.2 Million
- 64% of Total Port Operating Revenues

Budget Assumptions

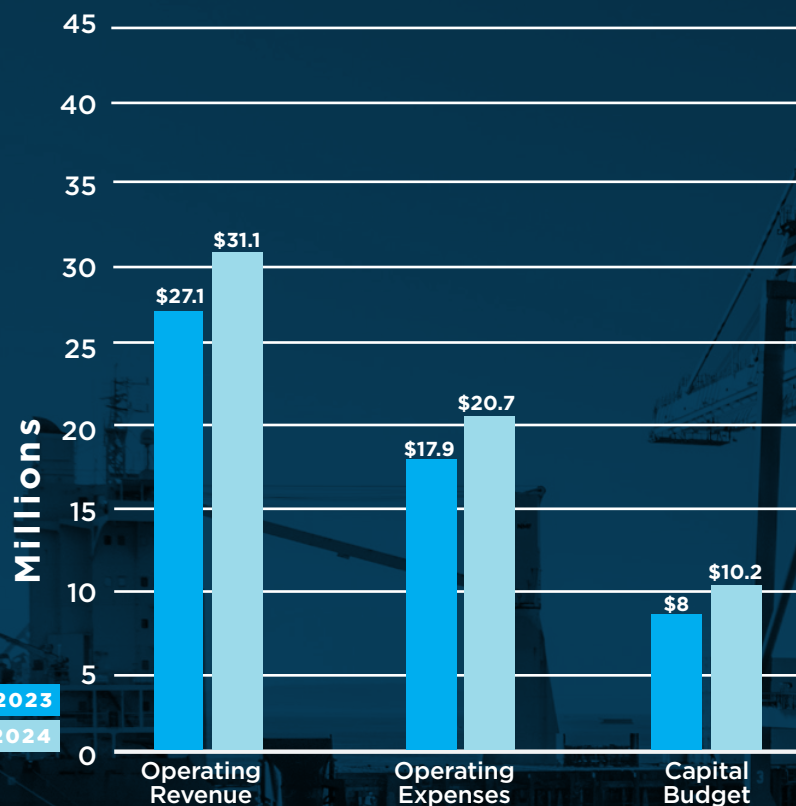
- Steady activity at the Seaport
- Slow increase in aerospace shipments
- Slight growth in project cargoes
- Trade tariffs continue
- Increased industrial activity

Community Benefits

- Supports major employers 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

- Labor contracts
- Higher interest rates
- Global conflicts



Cement

25%

Breakbulk

22%

Containers

53%

Annual Cargo Statistics

	2018	2019	2020	2021	2022	2023 (YTD)
OUTBOUND						
LOGS (MBF)	7,010,400	-	-	-	-	-
GENERAL CARGO/N.O.S (S/T)	1,794	1,314	58,088	82,924	56,948	55,756
CONTAINERS (TEUs)	4,622	5,781	3,376	3,846	3,257	3,202
INBOUND						
CEMENT (S/T)	110,797	121,542	88,618	180,007	125,143	54,086
GENERAL CARGO/N.O.S (S/T)	26,990	43,062	24,130	55,701	52,392	47,852
CONTAINERS (TEUs)	8,628	9,976	7,721	42,259	54,485	23,272
VESSEL CALLS						
SHIPS	82	99	87	123	134	94
BARGES	40	52	30	10	10	9
TONNAGE COMPARISON (SHORT TONS)						
CEMENT	110,797	121,542	88,618	180,007	125,143	54,086
GENERAL CARGO/N.O.S (S/T)	28,784	44,376	82,208	138,625	109,340	113,608
CONTAINERS	75,710	89,751	71,222	253,531	264,369	128,955
WOOD FIBER PRODUCTS						
DOCK	-	-	-	-	-	-
OVERSIDE	43,615	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	258,906	285,669	242,048	572,136	498,852	296,649

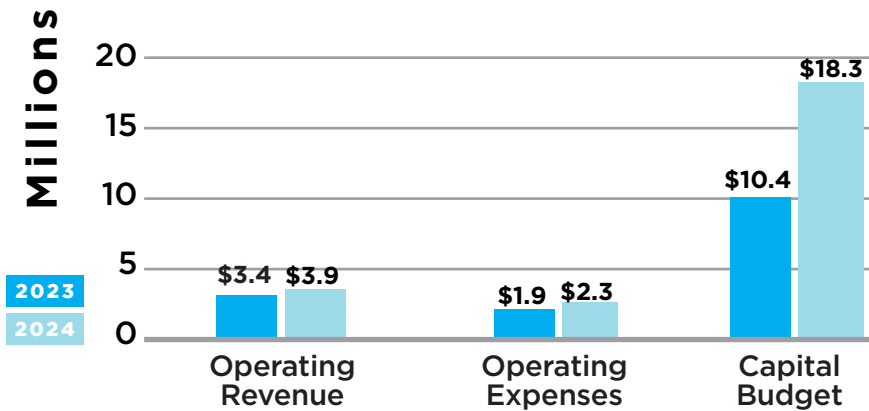
Commercial & Industrial Real Estate

Budget Overview

- Operating Revenue: \$3.9 Million
- Operating Expenses: \$2.3 Million
- 2024 Capital Budget: \$18.3 Million
- 8% of Total Port Operating Revenues

Budget Assumptions

- New retail buildings open
- Multifamily residential breaks ground



Community Benefits

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

Challenges

- Timing of new development revenues
- Capital investment to realize stable real estate revenues
- Continued high interest rates
- Historic inflation resulting in high construction costs

2024 ACTIVE LEASES

MARINE RELATED

- Bayside Marine
- Bellingham Yachts Sales
- Crosswater Yacht Sales
- Everett Yacht Club
- Everett Yacht Sales
- Everett Yacht Service & Repair
- Freedom Boat Club
- Harbor Marine
- Heritage Marine Electrical
- KayakShare.com
- Little House of Canvas
- Mariner Marine Services
- Marine Power Service
- Milltown Sailing Association
- Port Gardner Yacht Brokerage
- Propulsion Controls Engineering
- Puget Sound Composites
- Riptide Marine
- Waterline Boats
- West Coast Yacht Sales
- West Marine
- Your Boat Shop

RETAIL & OFFICE

- A+ Hearing Aids
- Anisoptera Spa
- Bay Psychiatric
- Dept. of Fish & Wildlife
- Dunlap Industrial Supply
- Engineered Sports Therapy
- Everett Clinic Behavioral Health
- Evergreen Moneysource Mortgage
- Hotel Indigo
- Inn at Port Gardner
- Laura Lou Massage
- MAM Media
- MonkeyFist Market
- Northwest Retina
- Off Planet Research
- Precious Medical Spa
- Water's Edge Salon
- Walters & Wolf
- Western Washington Medical Group

RESTAURANTS

- Anthony's Homeport
- Anthony's Woodfire Grill
- Bluewater Distilling
- Fisherman Jack's
- Ivar's Mukilteo Landing
- Lombardi's Italian
- Scuttlebutt Brewing Co
- Seas the Day Café
- Sound2Summit Brewing
- South Fork Baking Co.
- The Muse Whiskey & Coffee
- Woods Coffee

COMING SOON!

- Hamilton Cellars
- Lazyboy Brewing Co.
- Menchies @ the Marina
- Rustic Cork Wine Bar

OTHER

- Everett Community College ORCA
- Maritime Institute



Marina



Budget Overview

- Operating Revenue: \$13.6 Million
- Operating Expenses: \$8.2 Million
- 2024 Capital Budget: \$8.1 Million
- 28% of Total Port Operating Revenues

Community Benefits

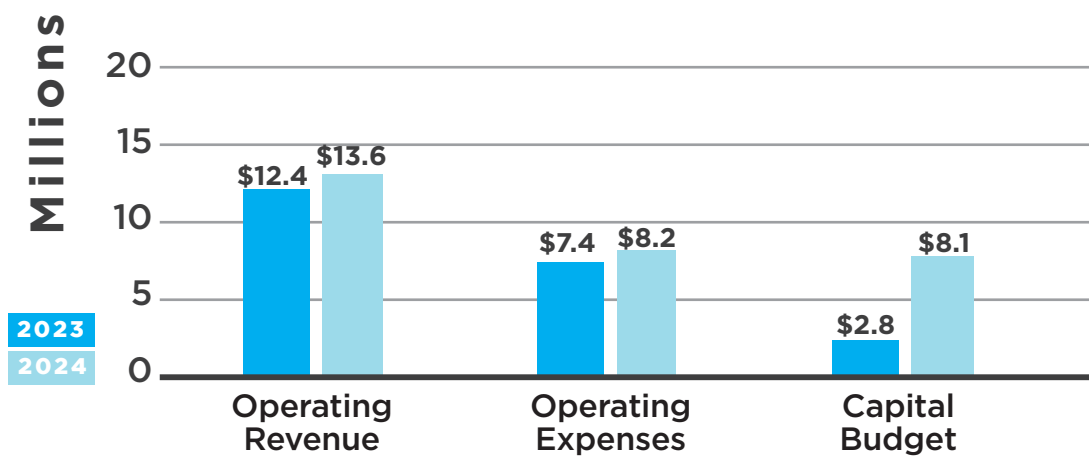
- State's largest recreational boating community
- More than 1,000 jobs supported
- Extensive waterfront public access network

Budget Assumptions

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

Challenges

- Generating sufficient 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

Recent Environmental Successes

Blue Heron Slough: The Port's Blue Heron Slough is 353 acres of restored Snohomish River estuary habitat between the cities of Everett and Marysville. In 2022, the Port returned the former farmland to its natural condition as estuarine habitat to aid in Chinook salmon and bull trout recovery and support food supply for Southern Resident orcas in Puget Sound. The \$20 million investment improves water quality, provides flood protection, increases bird habitat and offsets greenhouse gas emissions. Blue Heron Slough also serves as a mitigation bank, balancing economic development with a healthier environment. The restoration site is larger in size than the combined total of the Port of Everett facilities.

Former Kimberly-Clark Mill Site (Upland): In late 2022, the Port completed its \$40 million, 40 acre Norton Terminal Development and Model Toxics Control Act (MTCA) Interim Action Cleanup at the former Kimberly-Clark mill site to put it back into productive use after sitting vacant for a decade. The once-contaminated property now nearly doubles the Port's cargo-handling capacity and supports more than 950 jobs while cleaning up the environment. The work involved the final upland cleanup of legacy contamination at the site and the installation of a 9-inch-thick pavement environmental cap to cover any residual soil contamination and improve groundwater quality. The new terminal provides environmental controls and state-of-the-art stormwater treatment for the first time in the property's history.

2024 Environmental Initiatives

Former Weyerhaeuser Mill A: The Weyerhaeuser Company's former Mill A site, located at the south end of today's Port of Everett Seaport, is at the top of Washington state's environmental cleanup list. Since 2020, the Port has been working with the Weyerhaeuser Company and the Washington State Department of Ecology to conduct a study to determine cleanup options for the site that encompasses the Port's South and Pacific Terminal berths, and the surrounding bay. The Port submitted a draft study to Ecology in January 2023. The contamination in review stems from the former mill operations on site, and the study presents viable options for cleaning it up. The cleanup will take into account the requirements of the Port's modernized South Terminal and Pacific Terminal, which continue to modernize to handle the next generation of ships and cargo. The Port is using a unique combination of loans and grants from Ecology to fund the project to shovel-ready status, including a \$4.3M loan from Ecology — the first to be awarded in agency history, which will provide critical grant match funding as the Port pursues cost recovery.

Modernizing & Greening the Seaport: With our two most recent seaport modernization and expansion investments complete and in full use (both Norton Terminal, as well as the Port's \$57 million South Terminal modernization that added another full-service berth in 2021), the Port continues to prioritize capital investments that advance our seaport modernization priorities — specifically those

WHY CLEANUPS MATTER

Phase 1 VCP

West End



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 250 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

tied to our overarching initiative of greening the supply chain. The Port has selected a consultant to help programmatically deliver this initiative through electrification of the Seaport, which is currently supported by a \$5 million grant from the Washington State legislature. The Port is also preparing for upcoming federal grant opportunities to further support carbon reduction efforts across the Seaport. Electrifying Pier 3 is the first priority, with planning underway. This project is set to make meaningful reductions in carbon emissions and enhanced air quality at the Seaport. The electrification of Pier 3, which includes infrastructure upgrades for future potential electric harbor craft, is expected to eliminate over 630 tons of carbon dioxide annually upon completion. This investment not only modernizes the Port's facilities, but also aligns with future maritime innovations, positioning the Port as a leader in sustainable maritime operations.

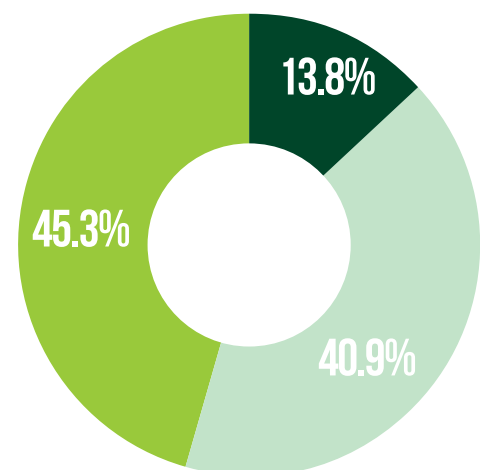
Challenges

- Potentially liable party funding
- 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
- Unlocks revitalization and economic prosperity of underutilized waterfront properties
- Creates construction jobs and, ultimately, permanent and induced jobs

How is the \$4.2 million in cleanups funded?



- Port Operations
- Loans
- Grants

Public Access

2023 Public Access Achievements

Restored & Reopened Historic Weyerhaeuser Building; Launches Virtual Museum

In summer 2023, the historic Weyerhaeuser Building celebrated its official grand reopening to the public in its centennial year. Through a public-private partnership, the Port was able to reopen the building for public use, welcoming visitors of all ages to The Muse Whiskey & Coffee — a coffee house by day, and a speakeasy-inspired whiskey bar by night. The 100-year-old building, listed on the National Register of Historic Places, also serves as a new waterfront events venue, and doubles as a museum. The Port launched a new website to serve as a virtual museum. The building features historic imagery and informational plaques. Thanks to QR codes, you can go on a self guided tour and learn about the rooms you visit or the photos and plaques you see in real-time.

NEW! Jetty Landing Playset in Honor of Historic *Equator*

In August 2023, the Port installed a new ship-themed children's playset at Jetty Landing Park near the boat launch. The playset was added to support users of Everett's regional boating hub, and also, to pay tribute to the historic *Equator*. It offers ADA accessible features, includes slides, deck-to-deck climbers, a porthole panel, a nautical bow, a stern climber, a pipe wall and tower, and sea creature climbers, including a Pacific octopus and baby orca whale. New benches were also added. Future improvements include new picnic tables and interpretive signage.

Coming Soon!

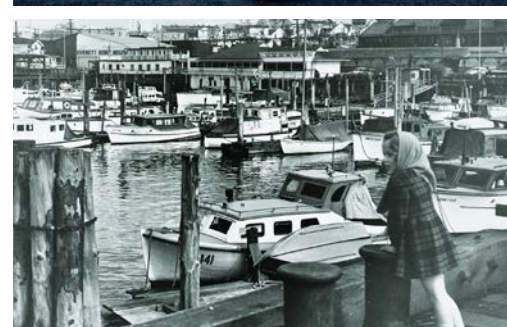
Millwright District Public Access Improvements

In summer 2023, the Port broke ground on a \$13 million project to kick off infrastructure construction in the Millwright District — the second and largest phase of the Port's Waterfront Place mixed-use development. The work, being performed by Burlington-based Interwest Construction Inc., builds the new Millwright Loop Road and connecting roadways and infrastructure. On the public access front, this project includes expansion of the waterfront esplanade, including build-out of two new vistas overlooking the Marina, construction of two parking lots, new sidewalks, lighting and landscape features. This phase of work is expected to run through fall 2024.

Interpretive Exhibits & Public Art at Waterfront Place

Little Girl Pondering the View Bronze Statue: Sultan-based artist Kevin Pettelle has been commissioned by the Port to sculpt a bronze statue inspired by a circa 1953 photograph of a young girl looking out into the then Port of Everett boat harbor, which was located between Piers 1 and 2 at the Port's international seaport at that time. Pettelle has several public installations in Snohomish County, including Everett's Mike Jordan statue and the "Fishermen's Tribute" statue at the Port. The new statue will be installed next year in one of two vistas being upgraded along the Central Marina esplanade as part of the Millwright Loop Road project in the Millwright District (see above).

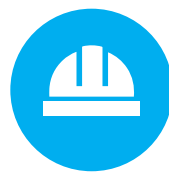
***Equator* Interpretive Exhibit & Future Public Art:** An interpretive exhibition about the *Equator*'s legacy will soon be fabricated for display at the Port's Waterfront Center near the interior entrance to Scuttlebutt Family Pub. The exhibit will include historical photos, a timeline of the vessel's storied career, a map showing her many journeys through the seas and a 1:48 model of the ship itself. The Port was loaned a model of the *Equator* built by Robert Yorczyk of the Washington Ship Model Society in Washington, D.C. The 26-by-36-by-12-inch model will be the showpiece of the interpretive exhibit. The Port of Everett is also working with award-winning sculptor John Grade, from Seattle, to salvage some of *Equator*'s timber so that the vessel can live on in art. The Port plans to commission one of his sculptures. Grade's installations include "Wawona," a sculpture made from Douglas fir salvaged from the hull of the historic schooner, which is in the Museum of History and Industry in Seattle.



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 \$30M in new waterfront public access since 2006; millions more in the works

2024 Property Tax Levy

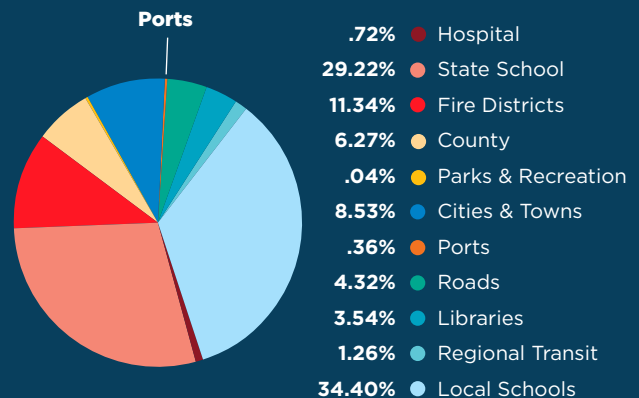
Under state statute, ports are special purpose districts tasked with economic development. While ports are a taxing authority, they are run and funded quite differently than a general purpose government (like a city or county) that is funded almost solely by tax revenue. The Port of Everett's tax assessment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

- **Port portion of tax bill:** Total estimated annual Port tax for a \$590,000 home in 2023 is \$109.30. In 2024, it is projected to be \$110.87.
- **Millage rate:** 18.8 cents per assessed \$1,000 (up slightly from 18.5 cents per assessed \$1,000 in 2023)
- **Total tax collection:** \$5.9 million (6.5% of budget)
- **How are the taxes used?**
Capital projects, public access, and environmental remediation
- **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



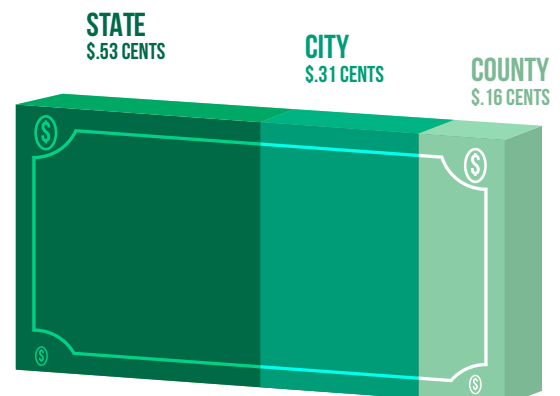
Snohomish County Distribution of Taxes 2023



About Leasehold Excise Tax

DID YOU KNOW?

- Port tenants pay a 12.84% Leasehold Excise Tax (LET) in lieu of property tax
- In 2022, the Port collected approximately \$1.7M in Leasehold Excise Tax
- The Port remits the tax collected to the state, who distributes to the correct jurisdictions
- 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's economic development activities generate high value for our city, county and state via jobs, revenues, income and taxes





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