

ECONOMIC BENEFITS OF WASHINGTON STATE HYBRID FERRIES CONSTRUCTION AT PORT OF EVERETT

By:

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Pennsylvania-based Martin Associates (www.johnmartinassociates.com) was retained by the Port of Everett to develop an estimate of the economic impact of the construction of up to five hybrid-electric 160-auto ferries. In order to estimate the potential economic impacts to the state of Washington of the construction of these ferries by the Nichols Brothers Boat Builders in its Everett and Whidbey locations Martin Associates modified our Port of Everett Economic Impact Model as well as our shipyard economic impact model. These models are based on the state of Washington economic metrics used on our economic impact studies for Washington ports of Everett, Vancouver, Longview, Bellingham, Port Townsend, and the Northwest Seaport Alliance.

Our shipyard impact model has been utilized to assess the economic impacts of ship building and repair operations in Mobile, Tampa, San Francisco, and San Diego, and adjusted to reflect economic metrics for Washington state and Everett. These economic metrics for the Everett region and the state of Washington were developed from the U.S. Bureau of Economic Analysis, Regional Income Multiplier System and the U.S. Bureau of the Census Economic Census.

It is estimated that each ferry will require about three years of construction. The cost of each ferry is about \$300 million. Nichols Brothers Boat Builders provided Martin Associates detailed expenditure data required for the construction of each ferry. This data included direct labor hours that would be paid during the construction period; the cost of materials purchased from state of Washington sources; the average hourly prevailing wage rate; and the type of materials purchased. The employment and income multipliers were developed for the ship and boatbuilding sector in the state of Washington from the U.S. Bureau of Economic Analysis, and induced and indirect models were developed by Martin Associates for the state of Washington using data from the U.S. Bureau of Economic Analysis, U.S. Bureau of Census, and U.S. Bureau of Labor Statistics.

Based on the above data sources and Martin Associates modified shipyard economic impact model, the following economic impacts to the state of Washington were estimated for *each* ferry boat constructed in Washington State.

**Projected Economic Impact of One Ferry Boat Construction on the State of Washington
(Over Three-Year Construction Period)**

WASHINGTON STATE ECONOMIC IMPACTS PER FERRY BOAT OVER THREE YEARS	
JOBS	
DIRECT	577
INDUCED	308
INDIRECT	413
TOTAL	1,298
PERSONAL INCOME/LOCAL CONSUMPTION (\$thousands)	
DIRECT	\$60,000
RE-SPENDING/LOCAL CONSUMPTION	\$45,840
INDIRECT	\$25,481
TOTAL	\$131,321
BUSINESS REVENUE (\$thousands)	\$338,000
STATE AND LOCAL TAXES (\$thousands)	\$31,852
LOCAL PURCHASES (\$thousands)	\$50,000

Each ferry boat construction is projected to generate over three years:

- ***1,298 full-time equivalent jobs in the state of Washington over a three-year construction period.*** Of these jobs, 577 are direct jobs with shipyard employees and subcontractors, 308 induced jobs due to the purchases of goods and services by the directly employed workers, and 413 indirect jobs due to in-state purchases by the shipyard in support of the ferry construction.
- ***\$131.3 million of wages and salaries as well as local consumption expenditures (responding).*** Of the \$131.3 million of total income and consumption expenditures, the 577 directly employed shipyard workers earn about \$104,000 in annual wages and salaries, for a direct income impact of \$60 million. This average wage compares to the state-wide average salary of \$81,550 (U.S. Bureau of Labor Statistics Occupational employment and Wage Statistics in 2023). The respending of the \$60 million direct wages and salaries results in \$45.8 million of respending and local consumption, which generated the 308 induced jobs. The 413 indirect jobs holders are projected to receive \$25.5 million.
- ***\$338 million in direct business revenue to Washington state firms***

- *\$50 million of purchases of materials and services supplied by Washington companies in support of each ferry boat construction*
- *\$31.9 million in state and local taxes over the three-year construction period*

It is to be emphasized that these impacts are projected for each ferry boat constructed. If multiple boats are contracted for construction in the State, the impacts would increase accordingly. The overall construction cost could potentially decline slightly over each boat constructed due to gains in productivity. However, the impacts would not differ substantially for the additional boats constructed.

About Martin Associates:



John C. Martin Associates, LLC (DBA Martin Associates), is headquartered in Lancaster Pennsylvania and employs 8 professionals. Martin Associates is an internationally recognized leading maritime and transportation economics/logistics consulting firm. Since its founding in 1986 by John Martin, Martin Associates has conducted more than 3,500 economic and planning studies for nearly every Port in the United States and Canada, as well as Ports in China, Europe, South America, Africa, and the Caribbean. Martin Associates provides consulting services to numerous global terminal operators and investment groups with respect to private sector development as well as identification of ports in which to establish terminal operations. Martin Associates is deeply involved in the development of private public partnerships (P3s) for marine terminal development.