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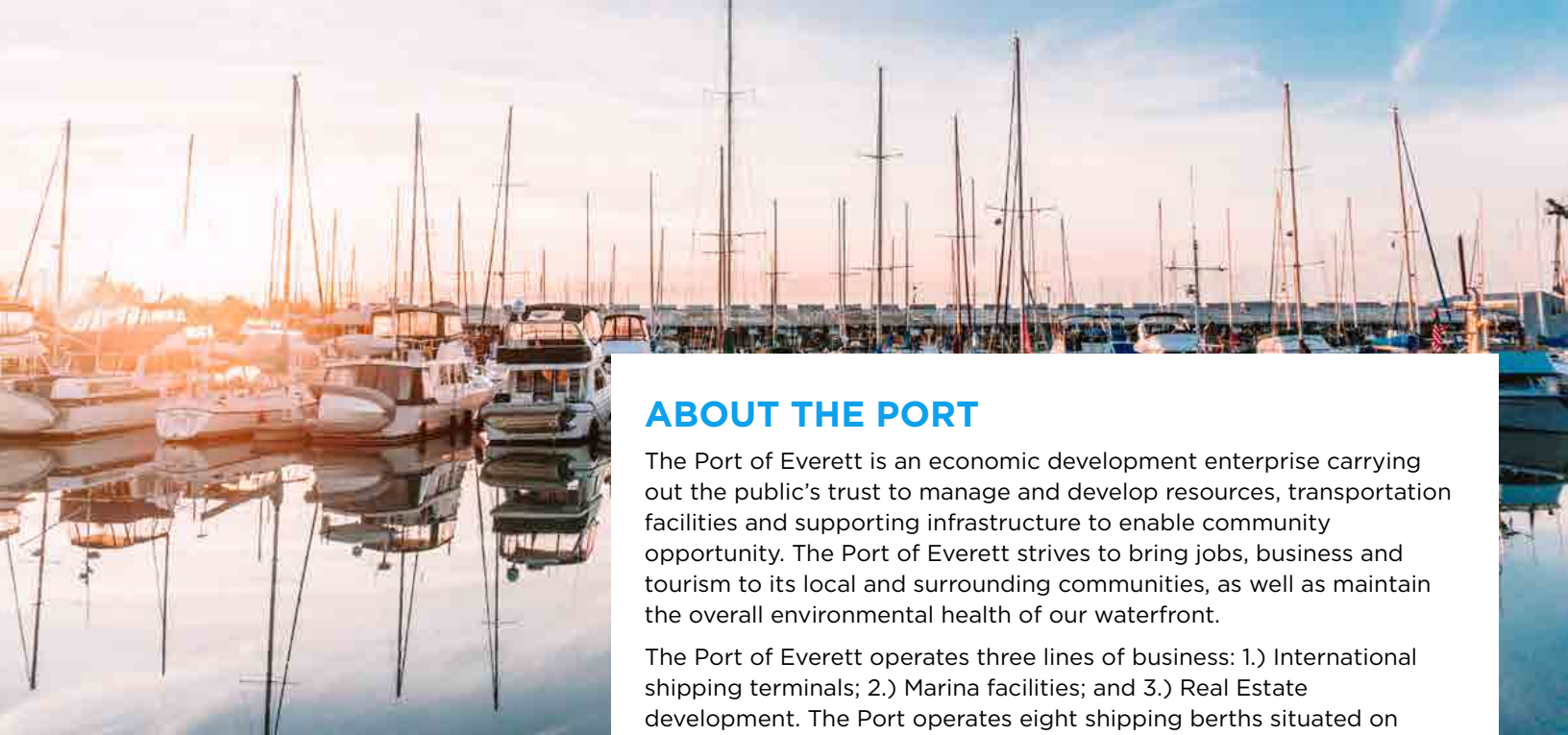
WE CREATE
VALUE.

WE CREATE
ECONOMIC
OPPORTUNITIES.

2020

CITIZEN BUDGET GUIDE

DRAFT: NOVEMBER 5, 2019



ABOUT THE PORT

The Port of Everett is an economic development enterprise carrying out the public’s trust to manage and develop resources, transportation facilities and supporting infrastructure to enable community opportunity. The Port of Everett strives to bring jobs, business and tourism to its local and surrounding communities, as well as maintain the overall environmental health of our waterfront.

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 100 acres of land, and specializes in high-value and heavy cargoes, such as transformers, forest products, energy, farm equipment, etc. The seaport is a vital link for the aerospace industry, handling all of the oversized parts of the Boeing 747, 767 (commercial and military), 777 and 777X airplane production lines.

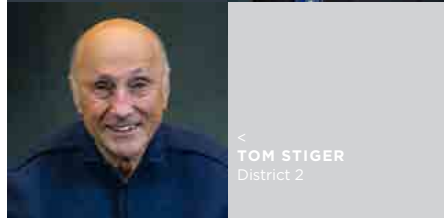
The Port of Everett runs the largest public marina on the West Coast with more than 2,300 recreational boating slips and a 13-lane public boat launch facility. On the real estate side, the Port owns more than 3,000 acres of waterfront property, including Jetty Island, and is working to restore economic prosperity to the waterfront. The Port’s properties also provide numerous public access and recreational opportunities for Port District residents to enjoy.

Port activities support more than 35,000 jobs for the surrounding community and contributes \$373M in state and local taxes.

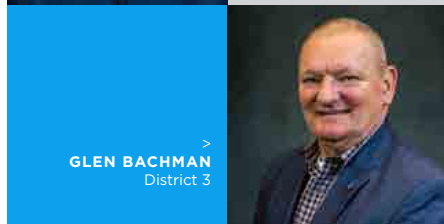
PORT LEADERSHIP



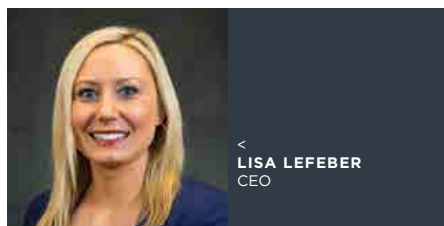
BRUCE FINGARSON
District 1



TOM STIGER
District 2



GLEN BACHMAN
District 3



LISA LEFEBBER
CEO

VISION

We are valued for operating in a sustainable manner that improves the community, environment and economy.

MISSION

The Port of Everett is an Economic Development Enterprise carrying out the public’s trust to manage and develop resources, transportation facilities and supporting infrastructure to enable community opportunity.

CORE VALUES

- We exemplify the highest ethical standards
- We honor our commitments to our community
- We are high-performers that value the privilege of public service
- We embrace the richness of a diverse community
- We are responsible stewards of community resources and the environment
- We are mutually dependent and supportive of our partners



@portofeverett | #portofeverett

2020

BUDGET MESSAGE

The Port of Everett Commissioners, working with Port staff, have developed a budget for 2020 to implement their vision and Strategic Plan. The budget and financing plan allows the Port to address the significant opportunities that are before it, while being mindful of the needs of the current operations.

The Port is budgeting total expenditures in 2020 of \$66.2 million, consisting of:

- Capital investments of \$24.3 million
- Operating expenses of \$24.0 million
- Debt service on debt of \$9.2 million
- Non-operating expense for public access of \$700,000

The 2020 - 2024 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 45 projects that advance the Port's Strategic Plan by:

- Continuing modernization of the Port's Seaport facilities
- Beginning development of the newly purchased former Kimberly-Clark mill site
- Completion of Fisherman's Harbor, the first phase of the Port's planned Waterfront Place Central mixed-use development
- Investing in replacement and upgrades of infrastructure in the Seaport and Marina
- Continuing efforts to enhance the Marina by upgrading facilities
- Continuing cleanup of legacy contamination, and
- Developing additional public access facilities for visitors to enjoy

Each of these efforts will require significant investment from the Port. The Plan proposes \$24.3 million during 2020 and \$103.1 million through 2024.

Operating Revenues are budgeted at \$31.3 million, an increase of 7% from the 2019 budget, driven by the

acquisition in 2019 of additional property adjacent to the existing Waterfront Place. These revenues will be used to pay for the Port's direct operational expenses, including administrative overhead, of \$24.0 million, an increase of 1% from the 2019 budget.

The budget assumes Non-operating Revenue of \$5.4 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 \$4.2 million, an increase of \$1.9 million from 2019.

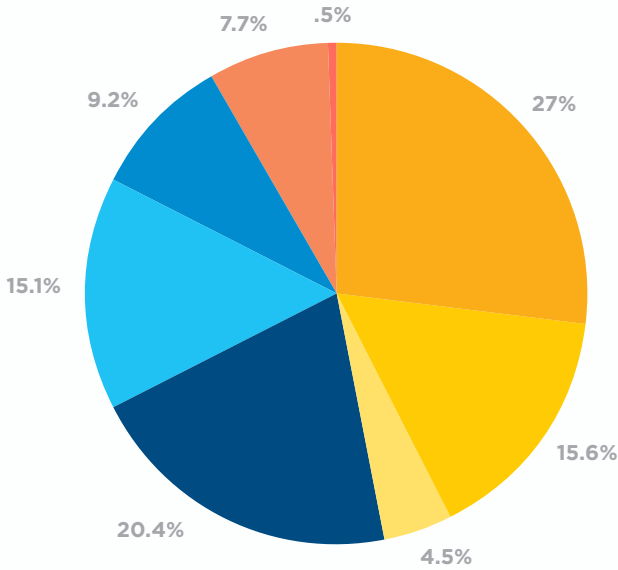
In addition to cash generated by on-going activities, the Port expects to sell land to generate \$10 million and receive grants and loans of \$19.5 million. These activities will provide the capacity to invest amounts in 2020 that will be available for future projects during the 2020 - 2024 planning period.

The Port Commission will hold a public hearing on the budget plan November 5; and continued to the meeting on November 12, 2019. The budget is scheduled for adoption on November 12, 2019 during the regular Port Commission meeting.

Eric Russell
Chief Financial Officer

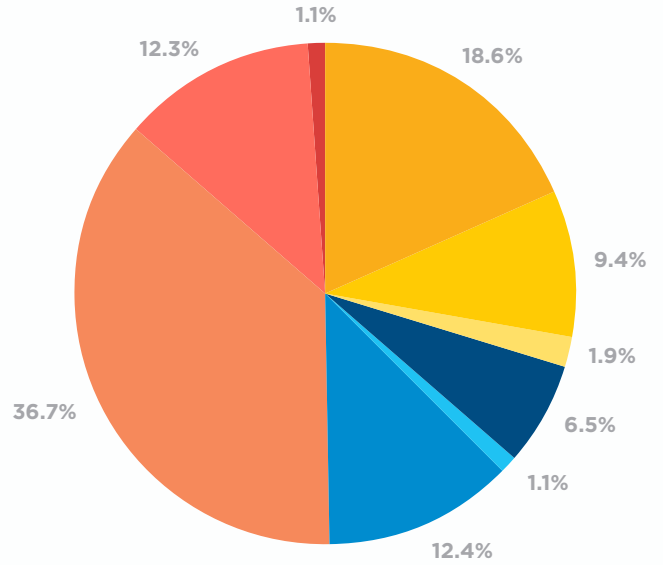


2020 BUDGET FUNDING PLAN: \$66.2 MILLION



Sources

- 27% Terminals
- 15.6% Marina
- 4.5% Properties
- 20.4% Grants / Contributions
- 15.1% Sale of Property
- 9.2% Debt Issuance
- 7.7% Property Tax
- 0.5% Other



Uses

- 18.6% Terminals
- 9.4% Marina
- 1.9% Properties
- 6.5% Administration
- 1.1% Non-Operating
- 12.4% Debt Service
- 36.7% Capital Investment
- 12.3% Cash Reserves
- 1.1% Public Access

2020 Budget Overview

- Total Operating Revenue: \$31.3 million
- Total Operating Expenses: \$24 million
- Total Capital Budget: \$24.3 million
- Port Tax Collection: \$5.1 million
- New Debt Issuance: \$6.1 million
- Annual Debt Service: \$9.2 million
- Net Income (Before Depreciation): \$7.2 million

2020 Funding Plan Includes:

- Subordinate Revenue Bonds: \$6.1 million
- Grants/Contributions: \$13.4 million
- Property Sales: \$10 million

Budget Assumptions

- Modest growth in Seaport and Marina
- New business in Properties
- Expenses flat to 2019 budget

STRATEGIC

INITIATIVES 2020

In 2020, the Port of Everett is implementing its Seaport Modernization and Waterfront Place projects totalling \$24.3 million and consisting of 45 individual projects. The Port Commission's top capital priorities include modernizing the Seaport, developing the former Kimberly-Clark mill site, and continuing to build out Waterfront Place.

Seaport Modernization >

6 Projects

Modernize the Port of Everett Seaport to meet 21st Century infrastructure needs

- South Terminal Wharf & Electrical Upgrades
- Mill A Interim Action 2 Cleanup
- Cargo Handling Equipment
- South Terminal Wharf Extension
- South Terminal (WeyCo Mill A) Cleanup
- Pacific Terminal Wharf Extension

Total: \$17.2M
2020 Expenditures: \$8.7M



Maritime Industrial Expansion

2 Projects

Develop former Kimberly-Clark mill site to support future maritime opportunities

- Near term: plan and begin construction of terminal storage space
- Permanent financing to replace loan

Total: \$11.2M
2020 Expenditures: \$1.2M

< Creating a New Waterfront Community at Waterfront Place

15 Projects

Initiate phasing of new waterfront community, including primary infrastructure

- New retail buildings
- Fisherman's Harbor in-water and upland construction
- Wharf's Edge infrastructure improvements
- Millwright District Infrastructure Improvements

Total: \$38.4M
2020 Expenditures: \$1.9M



Taking Care of Facilities: Maintenance/Preservation

9 Projects

Provide for asset replacement, maintenance and preservation

- Pier 3 Pile Restoration Program
- Replace Marina Guide Piles and Collars Program
- Fender Pile Replacement Program
- Marina Float Rehabilitation Program
- Tenant Upgrades
- Pavement Upgrade Program
- Infrastructure Upgrades

Total: \$11.7M
2020 Expenditures: \$2.5M

Develop Sustainable Marina Operations

5 Projects

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

- Central G-Dock Replacement
- Craftsman District Expansion, Phase 3

Total: \$3.9M
2020 Expenditures: \$2M

Industrial Economic Development

12 Projects

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

- Blue Heron Slough Mitigation Bank
- Land Acquisition Opportunities
- Bay Wood Cleanup

Total: \$12M
2020 Expenditures: \$6.4M

Other Projects

6 Projects

- Support job creation and mitigate regulatory requirements
- Cargo handling equipment
- New Jetty Landing restroom

Total: \$6.4M
2020 Expenditures: \$1.7M

PORT OF EVERETT

INITIATIVES 2020

Blue Heron Slough Mitigation Bank
1.5 miles northeast





Seaport Modernization

Maritime Industrial Expansion

Taking Care of Facilities: Maintenance/Preservation

Port Gardner Bay

Creating a New Waterfront Community at Waterfront Place

Develop Sustainable Marina Operations

Industrial Economic Development

INTERNATIONAL

SEAPORT

Budget Overview

- Operating Revenue: \$17.9 Million
- Operating Expenses: \$12.3 Million
- 2020 Capital Budget: \$8.7 Million
- 57% of Total Port Operating Revenues

Budget Assumptions

- Steady aerospace business
- Flat growth in project cargoes
- Margins expected to improve
- Trade tariffs continue
- New long-term shipyard lease

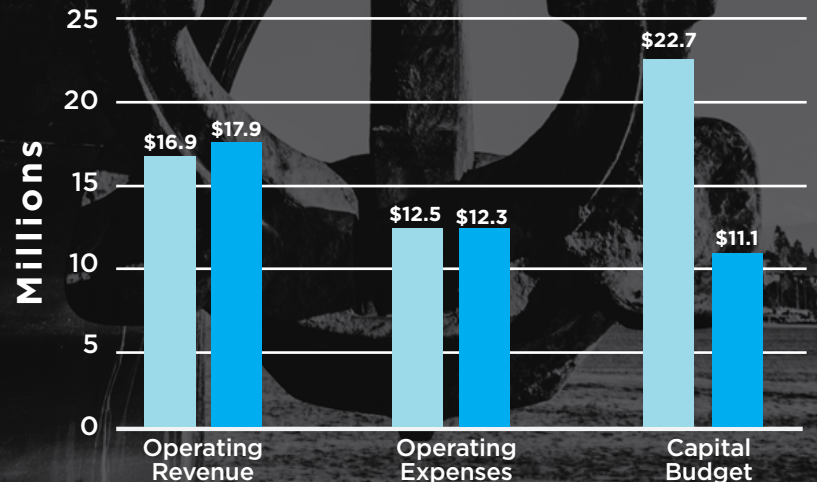
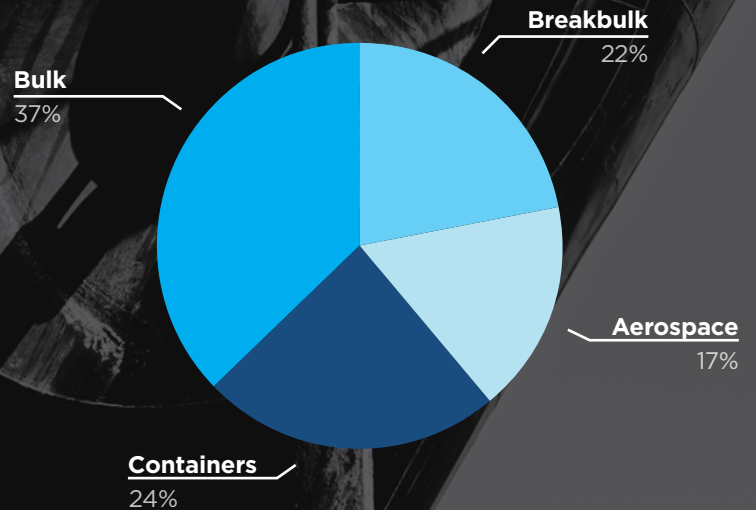
Community Benefits

- Supports major employer in Washington state
- More than 34,000 jobs supported
- Generates nearly \$373 million in tax revenue

Challenges

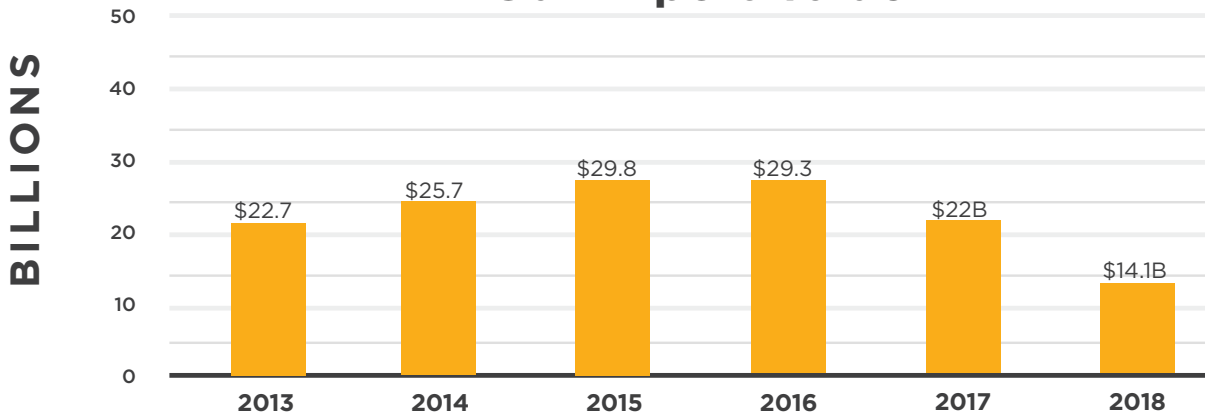
- Federal policy uncertainty
- Exports affected by strong U.S. dollar
- Canadian Dollar vs. U.S. dollar
- Russian sanctions

2019 Cargo Mix

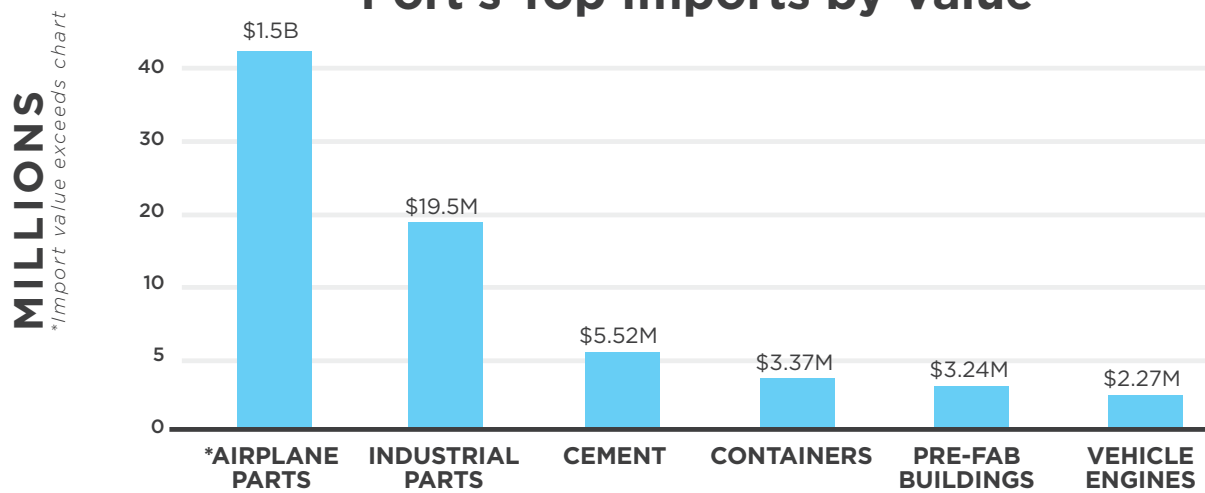


EXPORT OVERVIEW

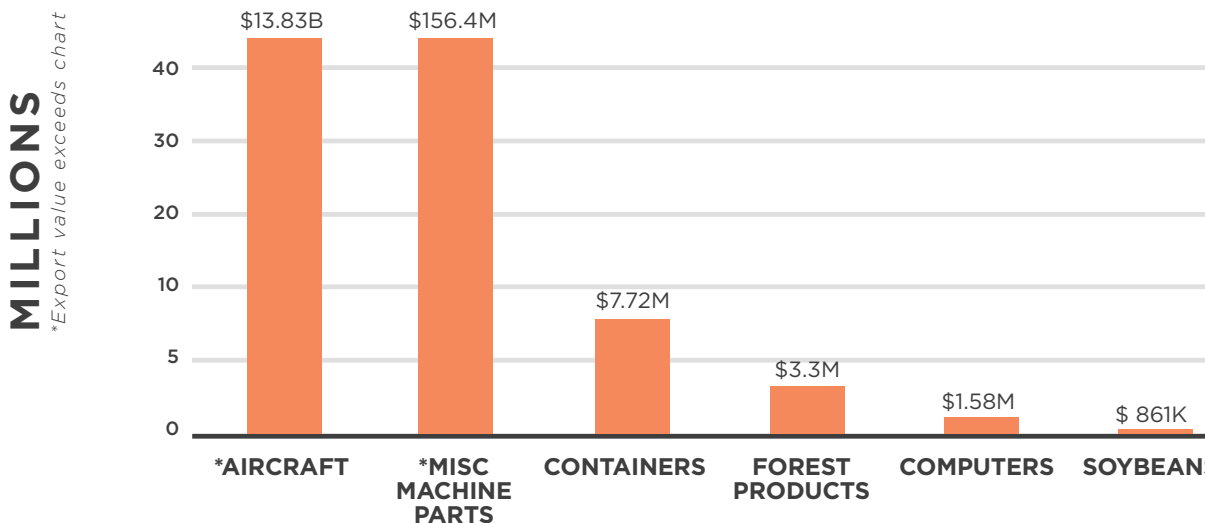
Our Export Value



Port's Top Imports by Value



Port's Top Exports by Value



REAL ESTATE | WATERFRONT PLACE



Budget Overview

- Operating Revenue: \$3 Million
- Operating Expenses: \$1.3 Million
- 2020 Capital Budget: \$3.3 Million
- 9.6% of Total Port Operating Revenues
- 44.3% Increase Over 2019 Budget
- 57% Operating Margin

Budget Assumptions

- Revenues expected to increase due to property acquisitions
- Occupancy will remain at nearly 100%

Community Benefits

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

Challenges

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

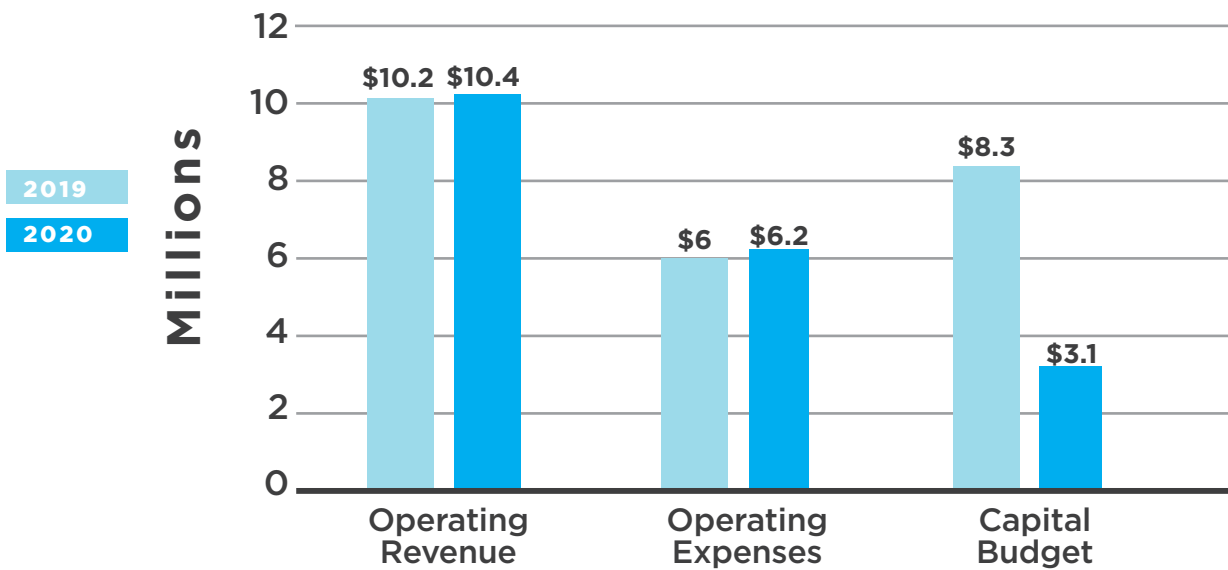
2019 ACTIVE LEASES

- All Ocean Services
- Ameron International
- B&B Marine
- Bay Psychiatric
- Bayside Marine
- Bellingham Yachts Sales
- Bluewater Distilling
- City of Everett Police Department
- Copper River Yacht Sales
- Dunlap Industrial Supply
- Everett Community College ORCA Program
- Everett Clinic Medical Group
- Everett Yacht Club
- Everett Yacht Service & Repair
- Evergreen Moneysource Mortgage
- Hammond Meyer Counseling
- Hat Island Community
- Anthony's Homeport
- Hotel Indigo
- Hydrology Paddle (seasonal)
- Precious Medical Spa
- Inn at Port Gardner
- Mariner Marine Services
- Marine Power Service
- Milltown Sailing Association
- Nov (Ameron)
- NSF Seafood
- Northwest Retina
- OceanGate
- PACE Engineering
- Port Gardner Yacht Brokerage
- Proper Picnic
- Propulsion Controls Engineering
- Scuttlebutt Brewing Co
- Seas the Day Café
- Simply Seafood
- SIS Holdings
- Marine Mariner Services
- A+ Hearing Aids
- Washington State University
- Water's Edge Salon
- Western Wash. Medical Group
- Westview
- Woodfire
- Your Boat Shop

2019 WATERFRONT EVENTS

- Island Adventures Whale Watching Tours
- Port Bus Tours (2)
- Blackmouth Derby
- ESPS Vessel Safety Checks/Boating Classes
- Everett Half Marathon
- Jetty Island Cleanup
- Marina Cleanup Day
- Farmers Markets (12)
- Food Truck Friday
- Boating Skills Festival
- Mukilteo Yacht Club's Opening Day of Boating
- Milltown Sailing Swapmeet/boater outreach events
- Classic Rock 4th of July
- Music at the Marina (10)
- Jetty Island Kiteboarding Competition
- Jetty Island Days
- Sail-in Cinema (6)
- Port Harbor Tours (4)
- Junior Police Academy Outdoor Presentation
- PUD 70th Anniversary
- Waterfront Place Open House
- Strategic Plan Update Open House (2)
- Riverside Business Park Trail Dedication
- Strong Man Competition
- North Sound Aquarium Society Swap Meet
- Tall Ships
- PNW Cruisers Pirate Festival
- Fresh Paint Arts Festival
- Wheels on the Waterfront
- WA Blues Festival
- Walk to End Alzheimer's
- Fire District #7 Derby
- Salmon for Soldiers
- Everett Coho Derby
- Out of the Darkness
- Pacific Coast Congress of Harbormasters Conference
- Waterfront Place Housing Groundbreaking
- Holiday on the Bay

MARINA



Budget Overview

- Operating Revenue: \$10.4 Million
- Operating Expenses: \$6.2 Million
- 2019 Capital Budget: \$3.1 Million
- 33% of Total Port Operating Revenues
- 3.6% Revenue Increase From 2019 Budget
- 40% Operating Margin

Community Benefits

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

Budget Assumptions

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

Challenges

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



ENVIRONMENT

Community Benefits

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

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 funds, which were specifically meant to remediate historic contamination

How is the \$46 million in cleanups funded?

- 46% ● Port Operations
- 10% ● Taxes
- 44% ● Ecology/Others



2020 Environmental Initiatives

Bay Wood: In partnership with the Department of Ecology (Ecology), work to restore the 2,600 linear feet of shoreline at the Port's Bay Wood property. This high quality environmental restoration is being complete in conjunction with private site development that will generate 200 - 300 jobs, and will provide public access to an area that has previously not been accessible to the public.

North Marina Ameron-Hulbert Cleanup: Complete the final soil remediation required for this property, following the departure of the former Ameron (NOV) pole manufacturing company.

Blue Heron Slough: With the Port's conservation banking partner, Wildlands, complete a majority of the interior earthwork construction by the end of 2020, including the completion of the I-5 protective dike and construction of habitat mounds and tidal channels.

Former Kimberly-Clark Mill Site Upland: Ensure Kimberly-Clark completes the necessary upland actions by the end of 2020, including the removal and disposal/recycling of the crushed material as required by the Snohomish County Health Department, and the necessary soil remediation as required by Ecology.

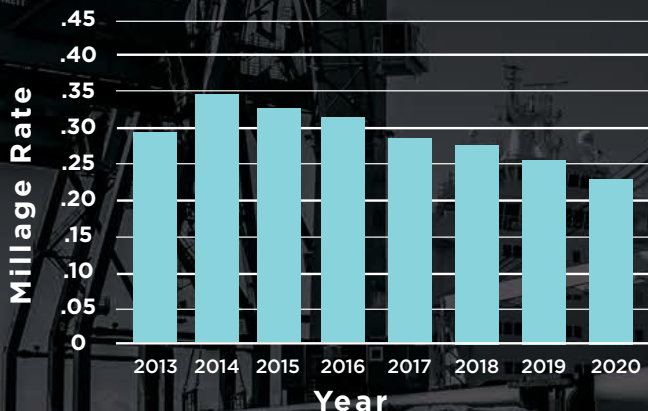
Mill-A: Working with Ecology and the other liable parties, achieve Ecology approval of a selected cleanup remedy for the in-water portion of this cleanup. This cleanup is a critical element of the Port's Seaport Modernization.

Stormwater: Through the Port's new municipal stormwater permit at Waterfront Place Central and the industrial stormwater general permit at the Seaport, continue the Port's clean water efforts.

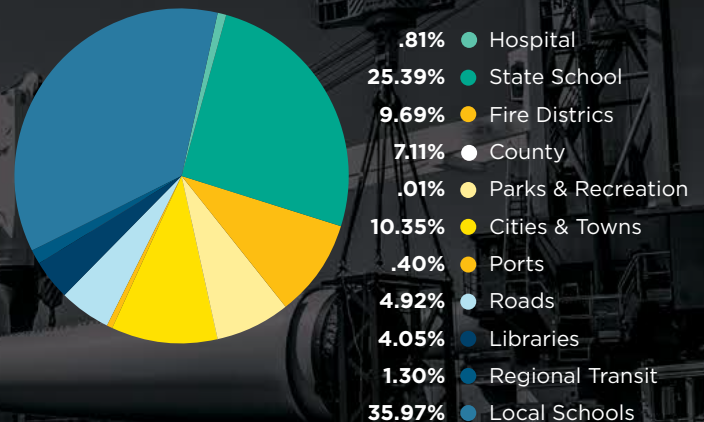
Green-Marine: Maintain/complete recertification as a Green Marine port.

TAX RATE TRENDS

LEGAL TAX LIMIT - .45



Snohomish County Distribution of Taxes 2019



2020 PROPOSED

PROPERTY TAX LEVY

- **Port portion of tax bill:** Total estimated annual Port tax for a \$450,000 home in 2019 is \$113. In 2020, it is projected to be \$106.
- **Millage rate:** \$.236-cents per assessed \$1,000
- **Total tax collection:** \$5 million (7.5% 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 more than 35,000 jobs (82% in Snohomish County); and \$373 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.



PUBLIC ACCESS

2019 Public Access Achievements

Pacific Rim Plaza & Splash Fountain: In summer 2019, the Port opened Pacific Rim Plaza and the new 36-jet splash fountain in the heart of Fisherman’s Harbor. Flags of the Port’s international trading partners and interpretive signage at the Plaza pay homage to the Port’s international mission.

Guest Dock 5/Dock Walk: The new 810 lineal foot visitor dock is located in the northeast corner of the Central Marina, just steps from the new features at Fisherman’s Harbor and a variety of upland amenities and recreation. Guest Dock 5 doubles as a public dock walk allowing site visitors to get down close to the water.

Fisherman’s Harbor Esplanade: Construction of the final section of the Fisherman’s Harbor esplanade wrapped up in summer 2019 and opened for public use. The 15+ foot wide esplanade stretches nearly a quarter mile along water’s edge,. The esplanade connects to the adjacent Guest Dock 5/Dock walk, and the Port’s larger 4-mile waterfront trail system.

Commodore Plaza: In April 2019, the Port completed Commodore Plaza, the newest public open space at the South Docks. The Plaza, named to honor the Port’s yachting and naval community, was designed for use by waterfront visitors, and as a venue for small gatherings and events. Port investment in the space prompted Anthony’s Restaurants to open Woody’s, a new walk-up window adjoining its Woodfire location.

City of Everett’s Grand Avenue Park Bridge: The Port partnered with the City to prepare for installation of the Grand Avenue Park Bridge. The massive structure, made up of one million pounds of steel truss and hundreds of feet of steel pipe, will soon double as a utility overpass and pedestrian bridge connecting downtown to the waterfront. The bridge was lifted and placed on September 25, 2019.

Riverside Business Park Trails & Viewpoints: In July 2019, the Port dedicated 1.4 miles of new waterfront trail and several viewpoints at its Riverside Business Park. The trails are a component of the City’s non-motorized transportation network, and represent the latest of the Port’s \$1.3 million investment in trails and open space at the industrial park.

SEA THE FUTURE WITH US



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