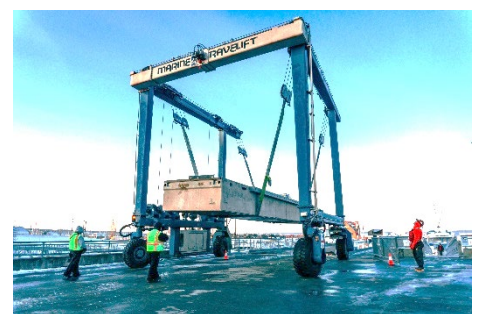
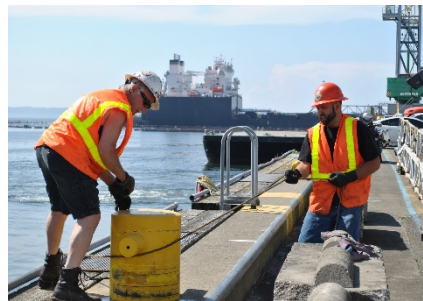


2019 Economic Impact of the Port of Everett: *Executive Summary*

Conducted by Martin Associates
www.johncmartinassociates.com
September 1, 2020



All Photos Courtesy of the Port of Everett

Overview of the Port of Everett

Located 25 miles north of Seattle on the Puget Sound, the Port of Everett operates three lines of business: Seaport, Marina, and Real Estate. The Port of Everett is a natural deep-water port specializing in over-dimensional high and heavy cargos. The Port operates four terminals comprised of eight berths, and recently added two additional berths with the acquisition of the former Kimberly-Clark mill site. Cargos moving via the Port of Everett marine terminals have great access to inland origins and destinations via the I-5 and 12,500 lineal feet of shipside rail and terminal trackage with direct access to BNSF Railways. The Port of Everett operates the largest public marina on the West Coast with 2,300 slips. The Port is home to a state-of-the-art Craftsman District that includes a variety of boatyard, marine and supply services for slip holders and visitors. Services include boat sales, boat storage, canvas and upholstery, engine repair, engine parts, marine supplies, pump-out services, woodwork and more. The Port of Everett Marina also offers a year-round boat launch, a 75-ton and 50-ton Travelift, fuel dock and guest moorage. Adjacent to the Port of

Everett Marina the Port operates the Waterfront Place mixed-use destination waterfront project. Waterfront Place is a large-scale real estate venture unifying the marina and surrounding property to create a unique commercial, recreation and residential community. Located within the Waterfront Place is the Port's Waterfront Center, Port Gardner Landing, Ameron Building, Norton Buildings and Marina Village.

The Port of Everett purchased the 86-acre Riverside Industrial Park from Weyerhaeuser in 1998. The Port has worked to restore the former mill site, improving the property with fill, roadways, and utilities. The Port has sold most of the sites to developers who have attracted big name tenants such as Amazon, FedEx and Safran.

In 2019, the Port added an industrial shipyard with the future capabilities of supporting Coast Guard and Navy vessels, and acquired 78 acres of maritime industrial property to support maritime and manufacturing growth.

Economic Impact Analysis Methodology

Martin Associates was retained by the Port of Everett to measure the local and regional economic impacts supported by maritime cargo and vessel, marina, and real estate activity at the Port. The study uses methodology and definitions that have been used by Martin Associates throughout the past 35 years to estimate the economic impacts of seaport activity at more than 500 ports in the United States and Canada. The impacts are measured for 2019 and are estimated in terms of jobs, personal earnings, business revenue, and state and local taxes.

The study is based on interviews with 84 firms providing services to the cargo and vessels handled at the Port's marine terminals, as well as marina operations and tenants located at the Waterfront Place and Riverside Industrial Park. These 84 firms represent 100% of the defined population of tenants and service providers in the Port's community, underscoring the defensibility of the study. The data collected from the interviews was then used to develop operational and economic models.

2019 Economic Impacts of the Port of Everett - Summary of Results

39,225 jobs are supported by Port activity

- 14,961 direct jobs
- 19,873 induced jobs
- 4,390 indirect jobs

\$7.9 billion of total economic value supported in the region

- \$4.9 billion of direct business revenue
- \$3.0 billion of re-spending of direct income and local consumption

\$4.7 billion total personal income/local consumption

- \$1.4 billion: direct personal income, average salary = \$96,800 for these employees
- \$3.0 billion: re-spending/local consumption
- \$184.4 million: indirect income

\$433.4 million state and local taxes

- \$233.8 million state level taxes
- \$199.6 million local level taxes

*Totals may not add due to rounding

2019 Port of Everett Economic Impact Results



In 2019, activity at the Port of Everett supported 39,225 jobs in the state of Washington. Of these jobs, 14,961 jobs are directly created by port activities, while another 19,873 induced jobs are generated in the Everett area as a result of local purchases made by those directly employed due to port activity. In addition, there are 4,390 indirect jobs supported in the Everett region as the result of \$659 million of local purchases made by directly dependent firms.

The 14,961 direct jobs received \$1.4 billion of direct wage and salary income, for an average salary of \$96,800 for direct employees. As a result of the local purchases with this \$1.4 billion of direct wages and salaries, and additional \$3.0 billion of income and local consumption expenditures were created in the state. This re-spending impact supported the 19,873 induced jobs. The indirect job holders received \$184.4 million in personal income. In total, \$4.7 billion of personal income was supported by marine activity at the Port of Everett.

Local businesses received \$4.9 billion of sales revenue from providing services to the activity at the Port of Everett. As a result of this activity, a total of \$433.4 million of state and local tax revenue was generated. The total economic value to the Everett region is measured at **\$7.9 billion**. This consists of the direct business revenue of \$4.9 billion and the re-spending and local consumption impact of \$3.0 billion. This dollar value represents

the sphere of influence of the Port of Everett in 2019.

These numbers do not include the economic benefits of **Naval Station Everett**, which was facilitated by the Port's sale of land to the Department of Defense to support Naval Station Everett. Naval Station Everett is currently home to 6 United States Navy Destroyers (Shoup, Ralph Johnson, Sampson, Momsen, Gridley, and Kidd) each with a crew of 300 sailors. As a new ship arrives Naval Station Everett is base to approximately 2,987 active duty and federal civilian personnel. An estimated base population of 7,023 with the arrival of a United States Navy Carrier. Overall Naval Station Everett is estimated to have a total annual economic impact of \$475 million.¹



In addition to the 2019 economic impact numbers, The Port of Everett has spent approximately \$173 million on **capital projects** from 2014 through 2019. These capital projects generate jobs, personal income, and state and local taxes. Table 1 (below) illustrates the impacts per year of the Port of Everett capital projects. In a five-year period, the Port has supported nearly 1,300 temporary construction jobs.

Table 1

Year	Capital Project Spending	Jobs	Personal Income	State & Local Taxes
2014	\$12,007,773.64	61.4	\$3,593	\$334
2015	\$22,392,059.48	149.8	\$8,769	\$816
2016	\$25,029,957.51	193.4	\$11,322	\$1,053
2017	\$30,100,999.65	211.3	\$12,374	\$1,151
2018	\$13,509,121.69	178.4	\$10,444	\$971
2019	\$69,990,160.53	481.0	\$28,164	\$2,619

¹ The Navy impact numbers were calculated by the Navy Northwest Region

Comparison between 2014 and 2019

Martin Associates conducted economic impact studies for the Port of Everett in 2011 and 2014, and as a result, the level of impacts supported by Port activities can be compared over time. The methodology used by Martin Associates to measure the local and regional economic impacts generated by the Port in 2019 is, for the most part, identical to the methodology used to measure the direct

impacts generated by activity at the Port of Everett in 2011 and 2014. Therefore, direct comparisons can be made between various study years.

Total supported direct, induced and indirect jobs grew by nearly 4,095; and overall economic value of the Port grew from \$6.9 billion in 2014 to \$7.9 billion in 2019.

Summary

The fact that the Port of Everett continues to increase its importance in the local economy as a major source of job creation, particularly of direct jobs with an average annual salary of \$96,800, underscores the importance of the Port of Everett as a major catalyst in the greater Seattle metropolitan region, the state of Washington, as well as the Pacific Northwest and national economies. In order to sustain this growth as an economic engine, it is critical that the Port of Everett continues to invest in terminal, rail and highway access infrastructure to meet future demand, and to continue to attract tenants to stimulate further economic development in the region. This economic study suggests that the continued growth and investment in the Port will result in further job, income and tax growth for the greater Seattle metropolitan region, the state of Washington, as well as the Pacific Northwest.



THE 2019 ECONOMIC IMPACT OF THE PORT OF EVERETT

FINAL



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EXECUTIVE SUMMARY

Located 25 miles north of Seattle on the Puget Sound, the Port of Everett operates three lines of business: Seaport, Marina, and Real Estate. The Port of Everett is a natural deep-water port specializing in over-dimensional high and heavy cargos. The Port operates four terminals comprised of eight berths, and recently added two additional berths with an adjacent property acquisition of the former Kimberly Clark mill site. Cargos moving via the Port of Everett marine terminals have great access to inland origins and destinations via the I-5 and 12,500 lineal feet of shipside rail and terminal trackage with direct access to BNSF Railways. The Port of Everett operates the largest public marina on the West Coast with 2,300 slips. The Port is home to a state-of-the-art Craftsman District that includes a variety of boatyard, marine and supply services for slip holders and visitors. Services include boat sales, boat storage, canvas and upholstery, engine repair, engine parts, marine supplies, pump-out services, woodwork and more. The Port of Everett Marina also offers a year-round boat launch, a 75-ton and 50-ton Travelift, fuel dock and guest moorage. Adjacent to the Port of Everett Marina the Port operates the Waterfront Place mixed-use destination waterfront project. Waterfront Place is a large-scale real estate venture unifying the marina and surrounding property to create a unique commercial, recreation and residential community. Located within the Waterfront Place is the Port's Waterfront Center, Port Gardner Landing, Ameron Building, Norton Buildings and Marina Village.

The Port of Everett purchased the 86-acre Riverside Industrial Park from Weyerhaeuser in 1998. The Port has worked to restore the former mill site, improving the property with fill, roadways, and utilities. The Port has sold most of the sites to developers who have attracted big name tenants such as Amazon, FedEx and Safran.

In 2019, the Port added an industrial shipyard with the future capabilities of supporting Coast Guard and Navy vessels and acquired 78 acres of maritime industrial property to support maritime and manufacturing growth.

Martin Associates was retained by the Port of Everett to measure the local and regional economic impacts supported by maritime cargo, real estate and marina activity at the Port.

In addition to the baseline impact estimates, a computer model specific to the Port of Everett marine terminals and marina has been developed. The cargo model can be used in evaluating the sensitivity of impacts to changes in tonnage, labor productivity, labor work rules, commodity mix, inland origins/destinations of commodities and vessel size. The model can also be used to evaluate the impacts of new terminal development and for annual updates, as well as changes in the Port's non-maritime tenant base. The marina model can be used to test the changes in economic impacts due to changes in the number of sailboats and power boats moored at the Port's facilities, as well as transient operations. The methodology used in this analysis has been used by Martin Associates to estimate the economic impacts of seaport activity at more than 500 United States and Canadian ports.

The Port of Everett commissioned the economic impact studies in 2008, 2011 and 2014, and the data and economic impact models developed as part of those studies were used to estimate the 2019 economic impacts.¹

In 2019, the Port of Everett supported the following economic impacts in the local and state economies:

39,225 total direct, induced and indirect jobs. Of the total jobs supported by Port activity, 14,961 are direct jobs, while 19,873 are jobs supported in the local economy due the purchases of goods and services by the directly employed individuals. As the result of nearly \$659.0 million of purchases of local supplies and services by the firms providing the direct services to the Port or that are directly dependent upon the port for the import and export of cargo, an additional 4,390 indirect jobs are supported. An additional 20,000 jobs at the Boeing facility are supported by activity at the Port of Everett.

A total of \$4.7 billion of total wages and salaries and local consumption expenditures are created in the local and regional economy by the activity at the Port of Everett. The direct job holders received \$1.4 billion of direct wages and salaries, for an average salary of \$96,800. As the result of local purchases made by the directly employed individuals, an additional \$3.0 billion of local consumption expenditures and induced wages and salaries were created. The 4,390 indirect job holders received \$184.4 million of wages and salaries.

Local businesses received \$4.9 billion of revenue. This revenue is supported from providing services at the Port of Everett to the cargo and marina activity, as well as the activity supported with the tenants and dependent shippers/consignees as the result of imports and exports used by local manufacturing facilities, including the portions of the Boeing operations that are dependent upon the Port for receipt of specific imported aircraft parts.

A total of \$659.0 million of local purchases were made due to the Port activity, which supported the indirect jobs.

The Port of Everett cargo, marina and tenant activity supported \$433.4 million of state and local tax revenue. The state of Washington received about \$233.8 million of this tax revenue, with the local governments receiving the balance.

¹The Economic Impact of the Port of Everett, 2014, prepared by Martin Associates for the Port of Everett, April, 2015.

I. OVERVIEW OF THE ANALYSIS AND SUMMARY OF RESULTS

Martin Associates was retained by the Port of Everett to measure the local and regional economic impacts supported by marine cargo and marina activity at the Port. Also included are the impacts of the Port of Everett's non-cargo and non-marina related tenants such as restaurants, hotels, and professional services that are tenants of the Port of Everett.

In addition to the baseline impact estimates, a computer model specific to the Port of Everett marine terminals and marina has been prepared, which can be used in evaluating the sensitivity of impacts to changes in tonnage, labor productivity, labor work rules, commodity mix, inland origins/destinations of commodities and vessel size. The model can also be used to evaluate the impacts of new terminal development and for annual updates, as well as changes in the Port's non-maritime tenant base. A marina model has also been developed as part of this study, which can be used to test the changes in economic impacts due to changes in the number of slips, composition of sailboats vs. power boats moored at the Port's facilities, as well as transient operations. The methodology used in this analysis has been used by Martin Associates to estimate the economic impacts of seaport activity at more than 500 United States and Canadian ports.

The Port of Everett commissioned the economic impact study, conducted by Martin Associates, in 2008, 2011 and 2014, and the data and economic impact models developed as part of that study were used to estimate the 2019 economic impacts.²

This chapter presents an overview of the economic impact analysis by defining the following:

- The types of economic impacts estimated
- The economic sectors for which impacts have been estimated
- The commodities/commodity types for which impacts have been estimated

In addition, a summary of the data sources used in the analysis is presented.

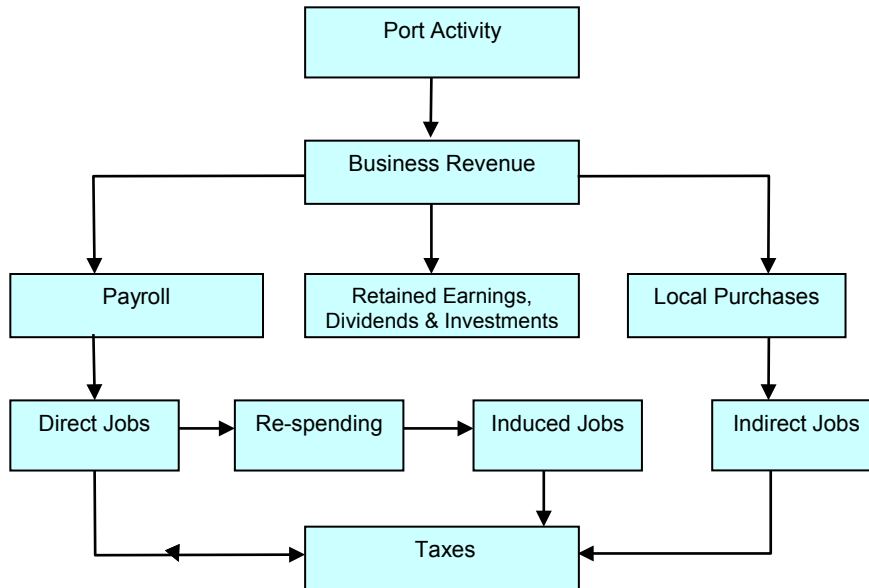
1. ECONOMIC IMPACT STRUCTURE

A deep water port such as the Port of Everett contributes to the local, regional, and national economies by providing employment and income to individuals, tax revenues to local and state governments, and revenue to businesses engaged in handling, shipping, and receiving cargo via the port. Exhibit 1 illustrates the flows of economic impacts throughout the economy. As this exhibit shows, activity at a seaport (i.e., the handling of cargo, the servicing of vessels, and recreational boating) initially creates business revenue to firms providing those cargo handling and vessel services, and services supporting recreational boating. This revenue is in turn used for several purposes:

² The Economic Impact of the Port of Everett, 2014, prepared by Martin Associates for the Port of Everett, April, 2015.

- To hire employees to provide the services
- To pay stockholders dividends, retire debt, and invest
- To buy goods from other firms
- To pay federal, state, and local taxes

Exhibit 1
Flows of Economic Activity through the Economy



The hiring of employees supports personal income. This personal income is spent throughout the state, local and national economy to purchase goods and services. This re-spending of income is known as the multiplier effect, which in turn creates induced jobs throughout the economy. Finally, state and local taxes are paid by those directly employed due to port activity and those employed as a result of the in-state purchases of goods and services by those individuals directly employed.

As can be seen from Exhibit 1, and the previous discussion, the flow of economic impacts throughout an economy creates four separate and non-additive types of impacts. These four types of impacts are:

- Employment Impact - the number of full-time equivalent jobs supported by activity at the marine cargo terminals and marina at the Port of Everett, as well as the Port's non-maritime tenants. This impact consists of jobs directly supported by port activity as well as induced jobs, or jobs created in-state due to the purchase of goods and services by those individuals directly dependent upon port activity. In addition, indirect jobs, or those jobs supported in the local economy due to the local purchases of goods and

services by firms directly dependent upon maritime activity at the Port, are also measured as part of the employment impact.

- Income Impact - the level of earnings associated with the jobs created by port activity and adjusted to reflect re-spending throughout the economy.
- Revenue Impact - the sales supported by firms engaged in handling and transporting cargo through the Port of Everett and servicing the recreational boating activity and the Ports marina. This impact includes national as well as local and state revenue. The value of shipments through the Port is not included as a revenue impact for the purposes of this analysis.
- Tax Impacts - the state and local tax revenues supported by port activity. These are taxes paid by individuals and firms directly dependent upon the port activity.

Shipments and receipts of cargo through the marine terminals at the Port of Everett support economic activity in various business sectors of the state and local economy. Specifically, the following economic sectors are involved in providing cargo and vessel handling services at the Port of Everett. These are the:

- Surface Transportation Sector
- Maritime Service Sector
- Dependent Shippers/Consignees
- Non-Maritime Tenants
- Port of Everett Administration

Within each sector, various participants are involved. Separate impacts are estimated for each of the participants. A discussion of each of the economic impact sectors is provided below, including a description of the major participants in each sector.

Separate impact analyses were conducted for the Port-owned Waterfront Place tenants, Riverside Industrial Park and the Port of Everett Marina which consists of 2,300 permanent and guest slips.

1.1 The Surface Transportation Sector

The surface transportation sector consists of both the railroad and trucking industries. These sectors are responsible for moving the various cargoes between the Port and their inland origins and destinations.

Many local and national trucking firms serve the marine terminals at the Port of Everett, as do numerous individual owner-operators. The trucking industry's major involvement is in moving containers, over-dimensional general cargo and cement cargo for local distribution. Rail is used to move general cargo, as well as to move the oversized containers destined for the Boeing facility between the Port's Mt. Baker Terminal and the Boeing facility.

1.2 The Maritime Service Sector

This sector consists of numerous firms and participants performing functions related to the following maritime services:

- Cargo Marine Transportation
- Vessel Operations
- Cargo Handling
- Federal, State, and Local Government Agencies
- Consultants/Architects
- Miscellaneous

A brief description of the major participants in each of these categories is provided below:

- Cargo Marine Transportation - Participants in this category are involved in arranging for inland and water transportation for the export or import of freight through the Port of Everett. The freight forwarder/customhouse broker is the major participant in this category. The freight forwarder/customhouse broker arranges for the freight to be delivered between the marine terminals and inland destinations, as well as the ocean transportation. This function performed by freight forwarders and customhouse brokers is most prevalent for general cargo commodities. For bulk cargo, arrangements are often made by the shipper/receiver.
- Vessel Operations - This category consists of several participants providing vessel services including:
 - Steamship agents - provide a number of services for the vessel as soon as it enters the Port; including arranging for pilot and tug assist services, for medical and dental care of the crew, and for ship supplies. Agents are also responsible for vessel documentation;
 - Pilots – provide navigation services to ensure safe transit of vessels between the harbor entrance and docks;
 - Towing firms - provide the tug service to guide the vessel to and from port;
 - Launch services - provide transportation for the crew between land and vessel;

- Shipyards/ship repair firms - provide repairs, either emergency or scheduled;
- Barge operators - move cargo to and from the Port of Everett and neighboring Puget Sound ports.
- Cargo Handling - This category involves the physical handling of the cargo at the Port between the land and the vessel. Included in this category are the following participants:
 - Longshoremen - are members of the International Longshore and Warehouse Union (ILWU), and are involved in the loading and unloading of cargo from the vessels, as well as handling the cargo prior to loading and after unloading;
 - Stevedoring Firms - manage the longshoremen and cargo-handling activities;
 - Terminal Operators - are often stevedoring firms who operate the maritime terminals where cargo is loaded and off-loaded;
 - Barge Operators - move dry bulk cargo such as sand and gravel and aggregates, logs, chips and bunker ships while in port. Barges also move containers between Everett and Tacoma for use by the Boeing facility in Everett.
- Government Agencies - This service category involves federal, state and local government agencies that perform services related to cargo handling and vessel operations at the Port. U.S. Customs, Bureau of Immigration, U.S. Department of Labor, U.S. Department of Agriculture, and U.S. Department of Commerce employees are involved. In addition, both civilian and military personnel with the U.S. Coast Guard and the U.S. Army Corps of Engineers have been included.
- Consultants/Architects – This category includes engineers, architects and consultants who provide a wide spectrum of services to the maritime industry, including terminal design, naval architect services, and planning services.
- Miscellaneous - This category includes a wide range of service providers, including environmental firms and security firms.

1.3 Port Shippers/Consignees

The Port of Everett serves a critical function in support of the manufacturing and construction base. The Port of Everett is a deep-water port in Washington State, and is located 25 miles north of Seattle. The Port of Everett is served by the Burlington Northern Santa Fe (BNSF) railroad and plays a vital role in support of the local aerospace industry. As a result, Everett’s customs district was ranked first in export value in the state of Washington with more than \$16.4 billion in 2019, according to the U.S. Customs and Foreign Trade Division. It should be noted the Everett customs district value typically ranges from \$20 to \$30 billion per year. The lower than average 2019 Everett customs district

value represents a production slow down at Boeing as global aviation demand for widebody airplanes has stalled. The Port of Everett's major trading partners are Japan, South Korea, Russia, China and the South Pacific. Its primary imports are aerospace parts, steel, machinery and bulk cement. Its major exports include aerospace parts, forest products, agricultural products, machinery, steel, oil and gold mining equipment, and other general and containerized cargoes.

The Boeing facility located in Everett is a major user of the Port of Everett. The Port of Everett is an essential element in this supply chain, as its facilities accommodate all the oversized aerospace parts for the 747, 767 (military and commercial), 777 and 777X airplanes, and serves as a backup for the 787 Dreamliner. These parts arrive from Japan to the Port's deep-water shipping terminals approximately four miles north of Mount Baker Terminal.

The fuselage and other airplane components are staged and distributed based on the manufacturing needs of the program. To deliver the parts to the Everett Boeing Factory, the largest building in the world by volume, the Port of Everett loads the requested jetliner parts onto a barge, which is then transported to Mount Baker Terminal. Mount Baker Terminal is a custom shipping facility that opened in 2008 to transport oversized aerospace containers. The parts are transferred from a barge at Mount Baker Terminal to a BNSF railroad car via an electric rail mounted gantry crane for shipment to Boeing via the steepest operating grade – 5.7 percent – in North America. In addition to the oversized containers, standard marine containers are also discharged at the Port of Everett and moved by truck to the Boeing facility. Discussions with Boeing indicated that the 777 and 777X lines would not be located at the Everett plant in the absence of the Mt. Baker Terminal, as the logistics model depends upon the ability to receive the body panels in oversized containers, and move the containers to the Everett plant. A similar situation exists for the KC-46 tanker program at the Boeing facility, in which the Mt. Baker Terminal is a critical component of the Boeing tanker program.

In addition to the 777 program, 767, and the KC-46 tanker line, the Port of Everett operations are also key in supporting the 747 and 787 Dreamliner production lines at Boeing's Everett facility.

1.4 Non-Maritime Tenants

The Port also leases land to tenants not directly engaged in cargo activity. These tenants do not export and import via the marine terminals but in some cases these tenants provide services to the maritime community. These non-marine cargo tenants include restaurants, two hotels, professional services, and warehouse/transportation/distribution activity.

1.5 Port of Everett

The Port of Everett includes those individuals employed by the Port whose purpose is to oversee port activity, including cargo, marina activity and real estate tenants.

2. *COMMODITIES INCLUDED IN THE ANALYSIS*

A major use of an economic impact analysis is to provide a tool for port development planning. As a port grows, available land and other resources for port facilities become scarce, and decisions must be made as how to develop the land and utilize resources in the most efficient manner. Various types of facility configurations are associated with different commodities. For example, cement requires covered storage, while containerized cargo requires container cranes, open storage and on, or near-dock rail. Covered storage is needed for break bulk cargo such as steel and lumber, while high and heavy equipment requires outside storage

An understanding of the commodity's relative economic value in terms of employment and income to the local community, the cost of providing the facilities, and the relative demand for the different commodities is essential in making future port development plans. Because of this need for understanding relative commodity impacts, economic impacts are estimated for the following commodities handled via the facilities at the Port of Everett:

- Containerized Cargo
- Cement
- General Cargo
- Shipyard

It should be emphasized that commodity-specific impacts are not estimated for each of the economic sectors described in the last section. Specific impacts could not be allocated to individual commodities with any degree of accuracy for the banking/insurance/law job category, marine construction and the government category.

3. *DATA COLLECTION*

This Economic Impact Study of the Port of Everett is based on a telephone survey of members of each of the economic sectors. Participants were identified by the Port of Everett and the Journal of Commerce, "Port Telephone Tickler", the Pacific Northwest Ports Handbook, and the Washington Public Ports Association Directory. Data collected for freight forwarders, steamship lines and agents, chandlers, pilots, tug operators and surveyors in the Pacific Northwest were used to achieve a 95 percent response rate in all sectors. In total, 84 firms in Everett were interviewed as part of the 2019 impact study and used to develop the baseline economic impact study and the resulting economic impact models used in this current update. In addition to data collected from the sources noted above, published data was collected from several sources. These publications include:

- Census of Wholesale Trade
- Census of Retail Trade
- Census of Construction
- Census of Service Industries
- Annual Survey of Manufacturers

Other published data was obtained from the U.S. Bureau of Census, County Business Patterns; U.S. Bureau of Economic Analysis, Regional Income Division; and U.S. Bureau of Labor Statistics, "Consumer Expenditure Survey, 2017/2018" for the Seattle MSA.

The economic relationships and methodology developed in 2019 have been used to develop an economic impact model that is designed to update the port impact assessment on an annual basis, as well as to test sensitivities of impacts to changes in commodity tonnage, labor productivity, labor work rules, vessel calls (by type of vessel), pilotage and tug assist assumptions. Also, the model is designed to test the impacts of new facilities development.

4. IMPACT SUMMARY

The resulting economic impacts are presented in Table 1. The impacts for marine cargo and marina, Waterfront Place and Riverside Industrial Park activity at the Port of Everett are detailed in the following table.

Table 1
Summary of Economic Impacts Supported by
Port Activity in 2019

PORT OF EVERETT	MARINE CARGO	MARINA, WATERFRONT PLACE & RIVERSIDE INDUSTRIAL PARK	TOTAL PORT OF EVERETT
Jobs			
Direct	13,350	1,611	14,961
Induced	18,844	1,029	19,873
Indirect	<u>3,252</u>	<u>1,138</u>	<u>4,390</u>
Total Jobs	35,446	3,779	39,225
Personal Income (\$1,000)			
Direct	\$1,380,300	\$67,944	\$1,448,244
Induced	\$2,915,746	\$110,566	\$3,026,312
Indirect	<u>\$122,539</u>	<u>\$61,812</u>	<u>\$184,351</u>
Total	\$4,418,585	\$240,322	\$4,658,907
Business Revenue (\$1,000)	\$4,624,912	\$324,000	\$4,948,912
Local Purchases (\$1,000)	\$536,134	\$122,861	\$658,995
State and Local Taxes (\$1,000)	\$410,928	\$22,504	\$433,433

Note: Totals may not add due to rounding

II. ECONOMIC IMPACTS OF MARINE CARGO ACTIVITY

The economic impacts supported by maritime cargo activity at the Port of Everett are detailed in this chapter which is organized as follows: the first half details the employment impacts, followed by personal income; revenue impacts as well as tax impacts are presented in the second half of this chapter.

1. *EMPLOYMENT IMPACTS*

First, the total employment that is in some way related to the cargo activity at the Port of Everett is estimated. Second, the subset of total employment that is judged to be totally dependent on maritime cargo activity is analyzed in the following ways: direct jobs are estimated in terms of key job categories (e.g., rail and trucking jobs, terminal operators, etc.). Induced and indirect jobs supported by local purchases made by those directly employed as a result of cargo activity and the purchases made by businesses directly dependent on cargo and vessel activity are then described.

1.1 Total Cargo Related Jobs

It is estimated that **35,446** jobs in the Everett regional economy are influenced by cargo and vessel activity at the Port of Everett:

- **13,350** direct jobs are supported by cargo activity at the Port of Everett. These jobs are classified as direct jobs and if activity at the Port of Everett were to cease, these jobs would be discontinued over the short term.
- **18,844** are employed by providing goods and services to the **13,350** individuals directly involved with cargo activity. Consequently, employment in this group is as directly dependent upon port activity as the direct jobs.
- Firms directly dependent on the Port of Everett made **\$536.1 million** of local purchases for office supplies, parts and equipment, maintenance and repair services, business services, utilities, communication services and fuel. These purchases supported **3,252** indirect jobs in the local economy.

The next section of this chapter is dedicated to the direct impact category of the **13,350** jobs.

1.2 Direct Job Impacts

As a result of port activity, **13,350** full-time jobs were directly created by cargo activity at the Port of Everett.³

³ Jobs are measured in terms of full-time equivalent workers working 2,080 hours per year. If a worker is employed only

Table 2 presents the distribution of the 13,350 direct jobs by type of job. As this table shows, a large impact is employment with towing, pilot, government, and barge jobs providing marine services to the vessels and cargo moving to and from the Port of Everett. The Port of Everett spent roughly \$48 million on capital projects in 2019 resulting in many construction jobs. The largest impact is with the shippers/consignees; primarily the employment with Boeing that is dependent upon the ability to receive containers, in particular the oversized containers to be used on the Boeing 747, 767 (KC-46 military tanker and commercial) and 777/777X production lines. This activity resulted in 12,600 direct jobs. Approximately 20,000 additional jobs at the Boeing facility were related to movement of the oversized containers used in the 787 Dreamliner production lines and would be displaced if another port or supply source were used. These 20,000 jobs are not included as directly dependent on the port activity but are considered related to the port operations.

Table 2
Direct Employment Impacts by Job Category

PORT OF EVERETT	DIRECT JOBS
Surface Transportation	
Rail	7
Truck	86
Maritime Services	
Terminal Employees	6
ILWU	68
Towing/Pilots/Barge/Government	247
Agents	1
Forwarders	6
Marine Construction/Shipyards	220
Shippers Consignees	12,600
Industrial Tenants	44
Port of Everett	66
Totals	13,350

Note: Totals may not add due to rounding

1.3 Induced Jobs

The purchases by the 13,350 direct job holders with the direct income earned from port activity create additional jobs throughout the regional economy. In calendar year 2019, \$1.4 billion was received by those 13,350 directly employed by cargo activity at the Port of Everett. As the result of the spending of a portion of this income for purchases in the state of Washington, an additional 18,844 induced jobs were supported.

50% of the year, the job is reported as 0.5 direct jobs.

These induced jobs are estimated based on the current expenditure profile of residents in the Seattle metropolitan region as estimated by the U.S. Bureau of Labor Statistics, "Consumer Expenditure Survey", 2017/2018. This survey indicates the distribution of consumer expenditures over key consumption categories for residents of the Seattle metropolitan area. The consumption categories are:

- Housing
- Food at Restaurants
- Food at Home
- Entertainment
- Health Care
- Home Furnishings
- Transportation Equipment and Services

The estimated consumption expenditures supported as a result of the re-spending impact is distributed across these consumption categories. Associated with each consumption category is the relevant retail and wholesale industry. Jobs to sales ratios in each industry are then computed for the Seattle metropolitan area and for the state of Washington, and induced jobs are estimated for the relevant consumption categories. It is to be emphasized that induced jobs are only estimated at the retail and wholesale level, since these jobs are most likely supported initially in the Seattle metropolitan area and subsequently in the state of Washington. Further levels of induced jobs are not estimated since it is not possible to defensibly identify geographically where the subsequent rounds of purchasing occur.

"The Consumer Expenditure Survey" does not include information to estimate the job impact with supporting business services, legal, social services, and educational services. To estimate this induced impact, a ratio of state of Washington employment in these key service industries to total state of Washington employment was developed. This ratio is then used with the direct and induced jobs to estimate induced jobs with business/financial services, legal, educational, and other social services.

1.4 Indirect Jobs

The firms directly dependent upon vessel and cargo activity at the Port of Everett made \$536.1 million of purchases from local (in-state) suppliers of parts and equipment, business services, maintenance and repair services, communications and utilities, office equipment, and fuel. These purchases supported 3,252 local indirect jobs.

If maritime activity at the Port of Everett were to cease, these indirect jobs would also be lost. To estimate these indirect jobs, actual local expenditures by port-dependent firms were estimated from the telephone surveys. These expenditures were then used as inputs into a regional input-output model developed for Washington State for Martin Associates by the U.S. Bureau of Economic Analysis, Regional Input-Output Modeling System.

2. *REVENUE, INCOME AND TAX IMPACTS*

The maritime activity at the Port of Everett marine terminals supports revenue for the directly dependent firms providing services to the vessels and cargo calling the Port. For example, revenue is received by surface transportation firms (both railroads and trucks) as a result of moving export cargo to the marine terminals and distributing the imported commodities inland after receipt at the terminals. The firms in the maritime service sector receive revenue from arranging for transportation services, cargo handling, and providing services to vessels in port. Ship repair yards and marine construction firms receive revenue by providing repair services to vessels and new construction and repair work at the marine terminals. The Port of Everett receives revenue from wharfage, dockage and leases at the terminals it owns. In addition, revenue is received by shippers/consignees from the sales of cargo shipped or received via Everett marine cargo facilities and from the sales of products made with raw materials received through the Port. Since this chapter is concerned with the revenue supported from providing maritime services, the shipper/consignee revenue (i.e., the value of the cargo shipped or received through the Port) will be excluded from the remaining discussion. Similarly, steamship lines' revenue from the ocean linehaul portion of the cargo movements is excluded from the revenue impact since very few vessels calling the Port are U.S. flag vessels, and it is not likely that a large portion of the revenue from ocean transportation remains in the local or even national economy.

The revenue supported by port activity consists of many components. For example, gross revenue is used to pay employee salaries and taxes, it is distributed to stockholders and it is used for the purchases of equipment and maintenance services. Of these components, only three can be isolated geographically with any degree of accuracy. The personal income component of revenue can be traced to geographic locations based on the residence of those receiving the income. The local purchases by firms dependent upon maritime activity at the Port of Everett terminals are identified through the interviews and used to estimate the indirect job impacts. Finally, state and local taxes paid by individuals and businesses can be traced to a geographic location based on the residency of the individuals directly employed and the location of the firms dependent on maritime activity. The balance of the revenue is distributed in the form of non-local payments to firms providing goods and services, for the distribution of company profits to shareholders and to payment of federal taxes. Many of these firms and owners are located outside of Washington State, and, thus, it is difficult to trace the ultimate location of the distributed revenue (other than personal income, taxes, and local purchases).

2.1 **Revenue Impact**

In calendar year 2019, maritime activity at the Port of Everett supported **\$4.6 billion** of total revenue from the provision of business services in the state of Washington. This does not include the value of cargo moved via the Port by the dependent shippers/consignees and key users. However, the local expenditures of these firms are included since if these firms were to leave the area, the local purchases would cease, and the revenue supported by the lines of business that are dependent upon the use of the Port of Everett would be lost.

2.2 Personal Income Impact

As described earlier, the personal income received by those directly dependent upon port activity is one of the components of revenue that can be traced to the Everett area. The income impact is estimated by multiplying the average annual earnings of each port participant, i.e., railroad employees, truckers, steamship agents, longshoremen, freight forwarders, etc., by the corresponding number of jobs in each category. The individual annual earnings in each category multiplied by the corresponding job impact resulted in \$1.4 billion in personal income. This equates to an average annual salary of about \$103,391 for direct jobs supported by Port of Everett cargo activity.

Based on data developed by the U.S. Bureau of Economic Analysis⁴, it is assumed that for every one dollar earned by Everett area residents as a result of jobs directly supported by cargo activity and the related aircraft manufacturing activity, an additional \$2.11 of income would be created as a result of re-spending the direct income for purchases of goods and services in the state of Washington. Applying this multiplier to the direct income impact, the re-spending supported an additional \$2.9 billion of personal income and consumption expenditures in business and service providers located throughout the state. This additional re-spending of the direct income supports the induced job impact, described in the previous chapter.

The indirect job holders received \$122.5 million of personal wages and salaries. Combining the direct, induced and indirect income impacts, maritime cargo activity at the Port of Everett supported \$4.4 billion of total direct, induced, indirect wages and salaries and consumption expenditures in the state of Washington.

2.3 Local Purchases

The firms directly dependent upon the maritime activity at the Port of Everett made \$536.1 million of purchases in the state of Washington. These purchases were for maintenance and repair services, utilities, communications services, office products, parts and equipment, fuel, etc. The \$536.1 million of purchases supported the 3,252 indirect jobs described in the previous chapter.

2.4 Tax Impacts

State and local tax impacts are based on state and local tax burdens for the state of Washington, which are developed from data provided by the Tax Foundation⁵. The tax burdens are the *total* state and local taxes collected, divided by total state income. Maritime activity at the Port of Everett

⁴U.S. Department of Commerce, Bureau of Economic Analysis, RIMS II.

⁵The Tax Foundation is an educational organization formed in 1937 to provide American citizens with a better understanding of the tax system and the effects of tax policy (www.taxfoundation.org).

supported \$410.9 million of state and local taxes, of which about \$221.7 million was collected at the state level, and the balance at the local level.

III. THE ECONOMIC IMPACT OF RECREATIONAL BOATING AT THE PORT OF EVERETT MARINA, WATERFRONT PLACE & RIVERSIDE INDUSTRIAL PARK

The Port of Everett owns and operates a 2,300-slip Marina (permanent and guest moorage), which creates substantial economic impacts in the Everett regional economy. The impacts created by the recreational boating activity include the impacts supported by the boats moored at the marina, as well as the impacts of transient boats that temporarily use the marina. To estimate the impacts, Martin Associates developed a profile and inventory of recreational boats by type moored at the Everett Marina. In addition to the recreational boats that are moored, there are a large number of transient boats that tie up at the marina and the passengers typically go ashore for dining, shopping and entertainment. In 2019, there were 1,816 recreational boats moored at the Port of Everett marina, including boats in upland and trailered storage. The Port of Everett Marina recorded 8,300 transient transactions with an average of two nights spent in the marina. An additional 32,650 boat launches from the Port of Everett were recorded in 2019. The Port of Everett Marina also recorded 763 Travelift haul outs for vessel owners needing maintenance and repair and other boat work completed by service providers located at the Port of Everett.

Waterfront Place, formerly known as the Marina District, stretches from 10th Street to 18th Street along West Marine View Drive. The District is home to the Port of Everett Marina, the largest public marina on the West Coast, as well as a variety of businesses ranging from restaurants to marine-related retail and repair. The Port of Everett continues to develop Waterfront Place.

The Port of Everett purchased the 86-acre Riverside Industrial Park from Weyerhaeuser in 1998. The Port has worked to restore the former mill site, improving the property with fill, roadways and utilities. The Port has sold most of the sites to developers who have attracted big name tenants such as Amazon, FedEx and Safran.

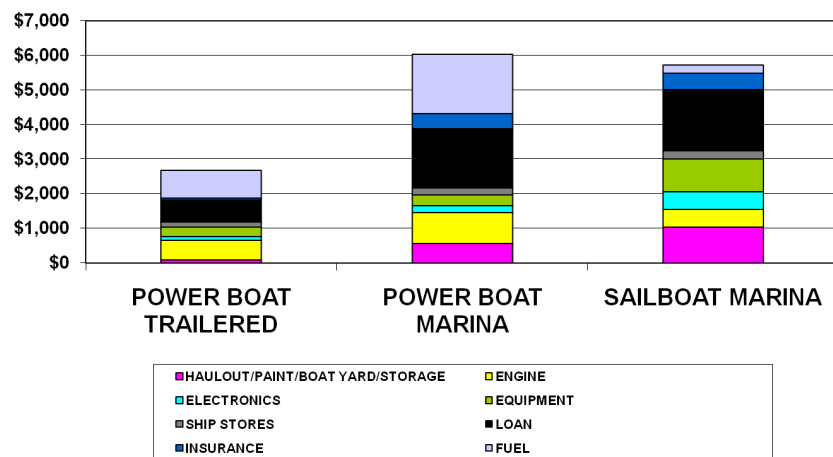
To develop the impact data, Martin Associates conducted interviews with tenants at the marina, including yacht clubs, sailing schools, restaurants, and office space tenants. The results of these surveys were used directly in estimating marina and tenant impacts. Next, typical annual expenditures by type of moored boat and for transient boats were developed from published sources, including:

- Boating 2000: A Survey of Boater Spending in Maryland, University of Maryland Sea Grant Program
- Measuring the Values of Marinas, 2004, Recreational Marine Research Center, Michigan State University
- Interviews with Northwest Marine Trade Association
- Marine Manufacturers Association
- The Economic Impact of Michigan's Recreational Boating Industry, Michigan State University, Ed Mahoney
- Marine Operators Association of America

- Clean Vessel Act, Michigan Boating Survey, 1994-1995

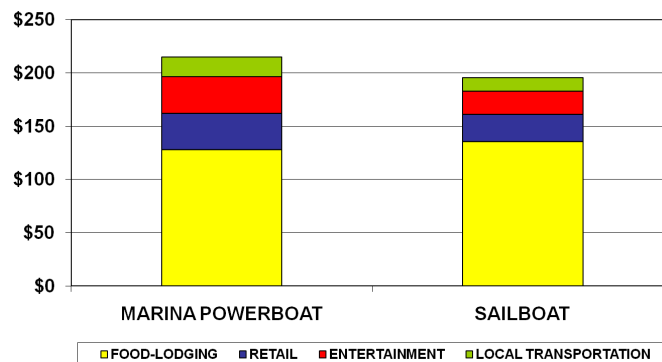
Based on interviews with the Northwest Marine Trade Association and the University of Maryland Sea Grant authors, it was concluded that the use of expenditure data per type of boat identified in Maryland would be representative of typical annual expenditures per boat in Puget Sound. Table 3 shows the breakdown of annual purchases by type of boat as developed from the “Boating 2000: A Survey of Boater Spending in Maryland”, Maryland Sea Grant Program, University of Maryland and “Measuring the Value of Marinas”, 2004. These expenditure values have been updated to 2019 dollar values. Table 4 shows the breakdown for local spending by transient boat operations.

Table 3
Annual Purchases by Recreational Boats Moored at the Port of Everett Marina



Source: Boating 2000: A Survey of Boater Spending in Maryland, University of Maryland Sea Grant Program – adjusted for current dollars

Table 4
Local Spending per Trip for Transient Boats



Source: Boating 2000: A Survey of Boater Spending in Maryland, University of Maryland Sea Grant Program – adjusted for current dollars

These annual purchases per boat are multiplied by the number of boats in each category at the marina. The annual purchases by type of boat at the Port’s marina are then converted into direct jobs using survey data from suppliers and marina support services firms interviewed by Martin Associates.

The local purchases per trip for transient calls at each marina are converted into jobs, income and revenue impacts using a visitor’s industry model developed for Seattle/Everett MSA.

Indirect impacts are developed from local purchases data supplied by support services providers including equipment suppliers and repair firms.

Table 5
Economic Impact of the Port of Everett Marina, Waterfront Place & Riverside Industrial Park, 2019

PORT OF EVERETT	MARINA, WATERFRONT PLACE & RIVERSIDE INDUSTRIAL PARK
Jobs	
Direct	1,611
Induced	1,029
Indirect	<u>1,138</u>
Total Jobs	3,779
Personal Income (\$1,000)	
Direct	\$67,944
Induced	\$110,566
Indirect	<u>\$61,812</u>
Total	\$240,322
Business Revenue (\$1,000)	\$324,000
Local Purchases (\$1,000)	\$122,861
State and Local Taxes (\$1,000)	\$22,504

In 2019, the recreational boating activity at the Port of Everett Marina, Waterfront Place and Riverside Industrial Park tenants supported the following economic impacts.

- 1,611 direct jobs were created by recreational boating, Waterfront Place, and Riverside Industrial Park activity at the Port of Everett.

The 2019 Economic Impact of the Port of Everett`

- As a result of purchases by these 1,611 direct jobs, 1,029 induced jobs were supported in the local economy.
- As the result of \$122.9 million of local purchases by the firms dependent upon recreational boating, Waterfront Place and Riverside Industrial Park activity at the Port of Everett, 1,138 indirect jobs were supported in the local economy.
- The 1,611 direct jobs holders received \$67.9 million of direct wages and salaries. As a result of the re-spending impact, an additional \$110.6 million of personal income and local consumption expenditures were supported. The indirect job holders received \$61.8 million of indirect wages and salaries.
- The marina, Waterfront Place and Riverside Industrial Park operations supported \$324.0 million of business revenue excluding the sale of boats.
- \$22.5 million of state and local taxes were supported by the Port of Everett marina, Waterfront Place and Riverside Industrial Park activity.

IV. COMPARISON TO 2014 IMPACTS

1. TOTAL CHANGES 2014-2019

Martin Associates was retained by the Port of Everett to conduct the Economic Impact Study in 2011 and 2014, and as a result, the level of impacts supported by Port activities can be compared over time. The methodology used by Martin Associates to measure the local and regional economic impacts generated by the Port in 2019 is, for the most part, identical to the methodology used to measure the direct impacts generated by activity at the Port of Everett in 2011 and 2014. Therefore, direct comparisons can be made between various study years. Table 6 shows the total Port of Everett impacts in 2011, 2014 and 2019.

Table 6
Summary of the Total Economic Impacts from the Port of Everett, Maritime Cargo, Waterfront Place and Marina Operations, 2011 2014, and 2019

PORT OF EVERETT	2011 TOTAL IMPACTS	2014 TOTAL IMPACTS	2019 TOTAL IMPACTS	TOTAL CHANGE
Jobs				
Direct	13,778	13,813	14,961	1,148
Induced	16,210	17,770	19,873	2,103
Indirect	<u>5,009</u>	<u>3,546</u>	<u>4,390</u>	<u>844</u>
Total Jobs	34,997	35,130	39,225	4,095
Personal Income (\$1,000)				
Direct	\$1,137,057	\$1,197,629	\$1,448,244	\$250,615
Induced	\$1,854,924	\$2,631,092	\$3,026,312	\$395,220
Indirect	<u>\$145,183</u>	<u>\$141,882</u>	<u>\$184,351</u>	<u>\$42,469</u>
Total	\$3,137,164	\$3,970,603	\$4,658,907	\$688,304
Business Revenue (\$1,000)	\$4,141,531	\$4,331,284	\$4,948,912	\$617,628
Local Purchases (\$1,000)	\$678,062	\$583,413	\$658,995	\$75,582
State and Local Taxes (\$1,000)	\$279,207	\$373,237	\$433,433	\$60,196

Total jobs increased by 4,095 from 2014 to 2019. Direct jobs increased by 1,148 over this time, while induced jobs, which are driven by the purchases of the direct job holders, increased by 2,103. Indirect jobs increased by 844 jobs over the same period reflecting the growth of \$75.6 million in local purchases.

Total wages, business revenue, and state and local taxes supported by Port activity have all

increased over the five year period from 2014 to 2019. The average salary for total port activity direct job holders has increased from \$86,703 to \$96,800.

The following sections of this chapter will discuss the changes to each of the Port of Everett’s lines of business.

2. CHANGES TO CARGO IMPACTS

Between 2014 and 2019, the total number of jobs supported by Port of Everett marine cargo increased by 2,069. Direct jobs increased by 244 jobs. The increase in direct jobs was primarily in the construction, government, and trucking sectors. Capital expenditures spent by the Port of Everett increased from \$10.4 million in 2014 to \$48 million in 2019. Most of the general cargo is moved to and from the Port via truck rather than rail transportation. A substantial portion of the imported general cargo was destined for Canada resulting in an increase in truck jobs. Martin Associates’ internal database was used to capture government jobs, such as U.S. Coast Guard (Aids to Navigation) in the 2019 impact study which was not included in the 2014 study. An additional 87 government jobs were captured in the 2019 study. Induced employment increased by 1,600, and indirect jobs increased by 226 jobs. Table 7 compares the total impacts from 2011 to 2019.

**Table 7
Total Economic Impacts supported by Port of Everett’s Maritime Cargo and Industrial Property Tenants, 2011 and 2014**

PORT OF EVERETT	2011	2014	2019	CHANGE
	MARINE CARGO	MARINE CARGO	MARINE CARGO	MARINE CARGO
Jobs				
Direct	13,614	13,106	13,350	244
Induced	16,128	17,244	18,844	1,600
Indirect	<u>4,568</u>	<u>3,026</u>	<u>3,252</u>	<u>226</u>
Total Jobs	34,310	33,376	35,446	2,069
Personal Income (\$1,000)				
Direct	\$1,130,430	\$1,167,769	\$1,380,300	\$212,531
Induced	\$1,849,384	\$2,566,756	\$2,915,746	\$348,990
Indirect	<u>\$126,607</u>	<u>\$117,372</u>	<u>\$122,539</u>	<u>\$5,167</u>
Total	\$3,106,421	\$3,851,896	\$4,418,585	\$566,689
Business Revenue (\$1,000)	\$4,113,587	\$4,250,956	\$4,624,912	\$373,956
Local Purchases (\$1,000)	\$637,946	\$526,337	\$536,134	\$9,797
State and Local Taxes (\$1,000)	\$276,471	\$362,078	\$410,928	\$48,850

3. *MARINA, WATERFRONT PLACE AND RIVERSIDE INDUSTRIAL PARK IMPACT COMPARISONS*

The economic impact of the marina, Waterfront Place and Riverside Industrial Park activity at the Port of Everett increased from 2014 to 2019. The Port of Everett has attracted several new Waterfront Place tenants, including offices, retail, and a new hotel since the 2014 study. Purchased in 1998 from Weyerhaeuser, the Port of Everett has sold several parcels in the Riverside Industrial Park to developers who have attracted tenants such as Amazon, FedEx and Safran. The new Waterfront Place tenants and operations at the Riverside Industrial Park have driven the growth of 904 direct jobs supported by the Port of Everett. Table 8 presents a comparison of the impacts of the Port of Everett’s Marina, Waterfront Place, and Riverside Industrial Park activity from 2011 to 2019.

Table 8
Impacts of Port of Everett’s Marina, Waterfront Place, and Riverside Industrial Park Activity, 2011, 2014 and 2019

PORT OF EVERETT	2011 MARINA and WATERFRONT PLACE	2014 MARINA and WATERFRONT PLACE	2019 MARINA, WATERFRONT PLACE & RIVERSIDE INDUSTRIAL PARK	CHANGE MARINA, WATERFRONT PLACE & RIVERSIDE INDUSTRIAL PARK
Jobs				
Direct	164	707	1,611	904
Induced	82	526	1,029	503
Indirect	<u>441</u>	<u>520</u>	<u>1,138</u>	<u>618</u>
Total Jobs	687	1,753	3,779	2,025
Personal Income (\$1,000)				
Direct	\$6,627	\$29,860	\$67,944	\$38,084
Induced	\$5,540	\$64,337	\$110,566	\$46,229
Indirect	<u>\$18,576</u>	<u>\$24,510</u>	<u>\$61,812</u>	<u>\$37,302</u>
Total	\$30,743	\$118,707	\$240,322	\$121,615
Business Revenue (\$1,000)	\$27,944	\$80,328	\$324,000	\$243,672
Local Purchases (\$1,000)	\$40,116	\$57,076	\$122,861	\$65,785
State and Local Taxes (\$1,000)	\$2,736	\$11,158	\$22,504	\$11,346

The fact that the Port of Everett continues to increase its importance in the local economy as a major source of job creation, particularly of direct jobs with an average annual salary of \$96,800, underscores the importance of the Port of Everett as a major catalyst in the greater Seattle metropolitan region, the state of Washington, as well as the Pacific Northwest and national economies. In order to sustain this growth as an economic engine, it is critical that the Port of Everett continues to invest in terminal, rail and highway access infrastructure to meet future demand, and to continue to attract tenants to stimulate further economic development in the region. This economic study suggests that the continued growth and investment in the Port will result in further job, income and tax growth for the greater Seattle metropolitan region, the state of Washington, as well as the Pacific Northwest.