PORT OF EVERETT
CITIZEN BUDGET GUIDE
Creating Opportunities for Economic Success

Public Hearing: November 10 & 16, 2015
More information online at www.portofeverett.com
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 and 777 airplane production lines.

The Port of Everett runs the largest public marina on the West Coast with more than 2,300 recreational boating slips and a 13-lane public boat launch facility. On the real estate side, the Port owns 3,000 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.

**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

**VISION**

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

**2016 BUDGET MESSAGE**

The 2016 Preliminary Citizen Budget Guide is designed to highlight the budget overview for each of the Port of Everett’s business lines.

For 2016, the Port is proposing $25.5 million in operating expenses and $56.7 million in non-operating expenses, combined with a $45.9 million in capital investment – for a total Port budget for 2016 of $78 million. This budget employs close to 100 employees who operate and manage a full service international seaport, marina and the development of nearly 3,000 acres of waterfront property. It also supports more than 100,000 local longshore hours.

The Port of Everett’s 2016 budget of $78 million is designed to position the Port to implement its capital initiative portfolio. The budget assumes a slight decline in seaport activities and modest growth in the marina and real estate divisions.

The budget is based off $32.1 million in operating revenues; $48.8 million in non-operating revenue (includes a 1-percent growth in property taxes); and $9.4 million in grants and third party payments. These revenues, along with cash reserves and anticipated borrowings, will pay for all operating costs and $45.9 million in environmental cleanups and capital investments.

The allocation of funds will support our continued effort to remediate legacy contamination on our properties, the reinvestment in our facilities, maintenance of our facilities and equipment and investment in growth opportunities. The Port’s capital investment plan is supported with a long-term funding strategy, which includes a mix of bonds, loans and increased operating revenues.

Structuring our capital investments as strategic initiatives has allowed us to more directly tie the importance of the individual projects with our strategic development priorities.

A large portion of our budget is subject to external and global economic factors. Therefore, the Port is working to build a budget that is sustainable and invests in infrastructure so we can respond to any opportunity or challenge that may come our way in 2016.

The Port of Everett Commission will open a public hearing on November 10, and continue the public hearing to November 16, when the Commission will consider adoption of the final 2016 Port budget.

We appreciate your commitment to and involvement in the Port of Everett.

John Carter | Chief Financial Officer

**BUDGET OVERVIEW**

The Port of Everett operates three lines of business and tourism to its local and surrounding communities, as well as maintain the overall environmental health of our waterfront. A large portion of our budget is subject to external and global economic factors. Therefore, the Port is working to build a budget that is sustainable and invests in infrastructure so we can respond to any opportunity or challenge that may come our way in 2016.

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John Carter | Chief Financial Officer

**5-YEAR FUNDING PLAN INCLUDES:**

- G.O. Bonds: $23 million
- Revenue Bonds: $30.5 million
- Leases and Loans: $5.5 million
- Total five year financing totaling $58.5 million

**BUDGET ASSUMPTIONS**

- Slight decline in Seaport growth
- No major global economic shocks
- Marine will maintain current demand
- Existing lease portfolio will maintain near 100% occupancy
- Land sales and new land leases likely to occur but are not included
**STRAategic InitiATives**

**Preparing for Larger Ships**
- **18 Projects**
- Provide for longer berthing infrastructure with deeper draft and enhanced rail, as well as yard equipment and facilities.

**Marine Terminal Dredging**
- Terminal Rail Upgrades, Phase 1
- Terminal Rail Upgrades, Phase 2
- S. Terminal Wharf & Yard Improvement (Phase 4)
- Cargo Handling Equipment
- South Terminal Wharf Extension (Phase 3)
- S. Terminal Wharf & Yard Improvement (Phase 2)
- Pacific Terminal Wharf Extension
- PSI - S. Terminal (WeyCo Mill A) cleanup
- **Total: $31.3M**
- 2016 Expenditures: $18.5M

**Creating a NEW Waterfront Community - Waterfront Place Central**
- **12 Projects**
- Initiate phasing of new waterfront community including primary infrastructure.

**WPC Wharf Rebuild (Blkhd Seg. E)**
- WPC NE Bulkhead - Blkhd Seg. A, B, & C (Fisherman’s Harbor)
- WPC Seiner Drive and utilities
- WPC Millwright District
- WPC Infrastructure Improvements
- WPC Wharf’s Edge: Marina
- WPC Infrastructure Improvements
- WPC Millerwright District
- WPC Wharf’s Edge: Public Works
- WPC Seiner Drive and Utilities
- PS - West End
- PS - Everett Shipyard
- PS - ABW Boatyard
- **Total: $58.1M**
- 2016 Expenditures: $8.3M

**TAKING CARE of the MARINA DOCKS-Maintenance/PREServation 6 PROJECTS**
- Provide for terminal asset replacement to maintain and expand cargo opportunities.
- **Total: $16.7M**
- 2016 Expenditures: $4M

**TAKING CARE of SEAPORT FACILITIES Maintenance/PREServation 23 PROJECTS**
- Provide for terminal asset replacement to maintain and expand cargo opportunities.
- **Total: $5.5M**
- 2016 Expenditures: $2M

**LEAD in REMEDIATING Historic Contamination 5 Projects**
- Continue to aggressively implement strategy to remediate historic pollution in and around Port properties and put them back into productive use.
- **Total: $10M**
- 2016 Expenditures: $7M

**Develop Sustainable Marina Operations 16 Projects**
- Develop and implement a comprehensive marina services plan to ensure the success of marina operations and funding for recapitalization.
- **Total: $6.5M**
- 2016 Expenditures: $2M

**Enhancing Public Access 22 Projects**
- Ensuring appropriate public access to the waterfront.
- **Total: $22.6M**
- 2016 Expenditures: $2.3M

**On-Going Real Estate Development of Existing Holdings**
- Expand the Port’s lease portfolio and enhance underutilized real estate.
- **Total: $23.1M**
- 2016 Expenditures: $490K

**Support Job Creation and Mitigate Regulatory Requirements**
- Blue Heron Slough Mitigation Bank
- **Total: $2.0 million**
- 2016 Expenditures: $1.3M

**Total Need Based on Initiative**

**Build to Suit Retail Space**
- WPC Build to Suit Retail Space
- **Total: $50.1M**
- 2016 Expenditures: $16.7M

**Marina Recapitalization**
- **Total: $17.35M**
- 2016 Expenditures: $4.9M

**Creating a New Waterfront Community**
- **Total: $24.86M**
- 2016 Expenditures: $7M

**Preparing for Larger Ships**
- **Total: $248k**
- 2016 Expenditures: $490K

**FIVE-YEAR CAPITAL & ENVIRONMENTAL INVESTMENT NEED**

<table>
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<th>YEARS</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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*$Projects through the first five years have been scoped and are funded. Port staff continues to explore funding solutions for the unfunded portions of the Port’s strategic capital investment plan.

**TOTAL NEED: 115 CONSTRUCTION PROJECTS TOTALING $526 MILLION IN CAPITAL NEED.**
**INTERNATIONAL SEAPORT**

**BUDGET OVERVIEW**
- Operating Revenue: $22.26 Million
- Operating Expenses: $13.85 Million
- Capital Budget: $14.2 Million
- % of Total Port Operating Revenues: 69%

**BUDGET ASSUMPTIONS**
- Strong aerospace business
- Flat growth in project cargoes
- Declining oil and gas business

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

**CHALLENGES**
- Low oil prices
- Exports affected by strong U.S. Dollar
- Canadian Dollar vs. U.S. Dollar
- Russian Sanctions

**PORT OF EVERETT CARGO MIX**
- Forest Products
- Breakbulk
- Containers
- Bulk

**TONNAGE TRENDS**

**OPERATING REVENUE**
- 2015: $22,260,000
- 2016: $20,000,000

**OPERATING EXPENSES**
- 2015: $13,850,000
- 2016: $15,000,000

**CAPITAL INVESTMENT**
- 2015: $14,200,000
- 2016: $15,000,000

**TONNAGE**
- 2015: 1,215,000,000
- 2014: 1,200,000,000
- 2013: 1,185,000,000
- 2012: 1,160,000,000
- 2011: 1,135,000,000
- 2010: 1,110,000,000
**Budget Overview**

**Operating Revenue:** $8.33 million  
**Operating Expenses:** $5.66 million  
**Capital Budget:** $9.25 million  
% of Total Port Operating Revenues: 26%

**Budget Assumptions**
- Anticipate modest revenue growth
- Expenses are rising
- Low fuel prices will continue

**Community Benefits**
- State’s largest recreational boating community
- More than 1,000 jobs supported
- Extensive waterfront public access network

**Challenges**
- Generating enough operating margin to recapitalize the marina facilities

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**Real Estate**

**Waterfront**

**Budget Overview**

Operating Revenue: $1.26 million  
Operating Expenses: $1.69 million  
Capital Budget: $3.35 million  
% of Total Port Operating Revenues: 4%

**Budget Assumptions**
- Anticipate modest revenue growth
- Expenses are rising faster than revenue
- Will continue to see expenses exceed revenues

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

**Challenges**
- Real Estate continues to have an operating loss
- Timing of new development revenues
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restores and enhances the health of the Puget Sound
restores economic prosperity to under-utilized assets
Creates jobs

CHAllENGES
funding uncertainty
Declining oil prices 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

RECREAtIoN fACIlItIES
2,300 Marina Slips
13-Lane Boat Launch
10 Visitor Docks
7 Parks
6 Miles of Trails
3 Beaches
2 Wildlife Preserves
2 Fishing Piers
2 Historic Structures

ENvironMENt
The Port of Everett was recognized by the Washington Public Ports Association with the Environmental Project of the Year Award for its significant Waterfront Place Central cleanup projects.

2015 ENVIRONMENTAL ACHIEVEMENTS
Investment: Approximately $20 million (including Port contribution, state grant dollars and settlement funds from other responsible parties)
99% of all contaminated materials removed
150,000 tons of contaminated soil removed
8,400 tons of concrete and asphalt recycled
11,000 cubic yards of contaminated sediment removed
700 creosote treated pilings removed
5 docks, 360 feet of bulkhead, and other marine structures removed
360 feet of environmentally-safe bulkhead reconstructed
360 feet of enhanced public access on the water
Groundwork laid for future phases of

2016 WATERFRONT CLEANUPS

WHAT DO I GET IN RETURN?
Provides 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 and social services
Allows the Port to take an active role in restoring contaminated property and creating waterfront access

HOW ARE THE TAXES USED?
Environmental restoration and infrastructure

HOW IS THE 16.3 MILLION IN CLEANUPS FUNDED?

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

CHALLENGES
Funding uncertainty
Declining oil prices 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

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DIStrIButIoN  of tAxES 2015

HOW ARE THE TAXES NOT USED?
Any operating costs, including salaries and benefits

HOW ARE THE TAXES USED?
Environmental restoration and infrastructure

TAX RAtE trENDS

SNOHOMISH COUNTY DISTRIBUTION OF TAXES 2015

2015: THE EVERETT SHIPYARD SITE BEFORE CLEANUP BEGAN

2007: THE EVERETT SHIPYARD SITE NOW, FOLLOWING CLEANUP

2016 Projects
Waterfront Place Public Open Space
Jetty Landing Rep: and Maintenance
Mukilteo Public Access Pier - Guide Pile Replacement
Jetty Island Floating Restroom Replacement
Riverside Business Park Access Improvements

2016 TAX ASSESSMENT
PORT PORTION OF TAX BILL
Total estimated ANNUAL Port tax for a $250,000 home in 2016 is $80.25. In 2015, it was $83.50.

MILLAGE RATE
$0.32-cents per assessed 1,000.

TOTAL TAX COLLECTION
$4.6 million or 6% of total Port cash receipts

HOW ARE THE TAXES USED?
Environmental restoration and infrastructure

HOW IS thE 16.3 MIllIoN  IN ClEANuPS  fuNDED ?

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