APPENDIX 6

## **KIMBERLY-CLARK SITE**

## **EVALUATION OF VIABLE USES**

**PREPARED FOR CITY OF EVERETT** 



REAL ESTATE RESEARCH & APPRAISAL

**JULY 2012** 

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## I. INTRODUCTION AND SUMMARY

## INTRODUCTION

Kimberly-Clark closed its paper mill on the downtown Everett waterfront in April, 2012. While opening up a sixty five acre waterfront site for alternative use, the closure also eliminated 700 high wage jobs in the local economy. The City is strongly interested in what alternative uses may be developed on the site. In particular, the City is interested in uses that provide many high wage jobs, offer opportunities for public access to portions of the site, and provide benefits to downtown and the surrounding neighborhoods. The City has enacted a moratorium (with the concurrence of Kimberly-Clark) on development of the site while a preferred reuse plan is prepared. One element of the plan is an identification of viable uses for the property. Uses are considered viable if their requirements match the characteristics of the site, and there is a realistic level of demand in the market place. The City has asked Property Counselors, an economic consulting firm specializing in land use and development issues, to identify viable uses and their economic benefits. This report documents the identification of uses.

The report is organized in eight sections.

- I. Introduction and Summary
- II. Site Attributes
- III. Experience in Reuse and Revitalization of Mill Sites
- IV. Target Sectors
- V. Cargo Handling
- VI. Other Water Dependent Uses
- VII. Clean Technology and Green Industries
- VIII. Other Manufacturing Uses
  - IX. Commercial Uses
  - X. Community-wide Economic Benefits
  - XI. Economic Benefits for Downtown Everett
- XII. Conclusions

The major findings of the analysis are summarized in the remainder of this section.

KIMBERLY-CLARK EVERETT SITE
PROPERTY COUNSELORS

## **SUMMARY**

#### SITE ATTRIBUTES

The 56 acre site (plus 11 acres of tidelands) offers 2,500 lineal feet of water frontage with dock and wharf facilities, as well as access to the BNSF Railroad. The property is large and offers features that would be attractive to both water-dependent users as well as general industrial uses.

#### **EXPERIENCE IN REUSE AND REVITALIZATION OF MILL SITES**

The United States Environmental Protection Agency (EPA) prepared a report in 2006. The report provided case studies of six successful projects throughout the country. While the six case studies represent a small sample, the authors of the report considered them to be illustrative. The experience supports the following observations.

- The projects range in size, but most involve a combination of uses to make full use of the site.
- Many involve reuse by non-industrial tenants.
- The industrial uses range from light industry to transportation to traditional manufacturing.

Six local properties provide additional examples. Aluminum mills in Tacoma and Vancouver, Washington were purchased by public ports for major cargo facilities. The Champion Mill property in Seattle was purchased by a breakbulk shipping company providing freight service to and from Alaska. The Custom Plywood site in Anacortes will be used for boat building and repair when site clean-up is complete. The Georgia Pacific property in Bellingham is proposed to be developed for a mix of residential, commercial, and educational uses over a lengthy time horizon. Clean-up of the ITT Rayonier site in Port Angeles is underway, but a Public Development Authority formed to manage the redevelopment of the property was dissolved when no viable uses were identified.

The local experience indicates that marine industrial reuse is viable for such sites. However, Bellingham is the only site of the six that is located on a downtown waterfront, and the proposed uses there are non-industrial.

#### TARGET SECTORS

The Prosperity Partnership is a regional economic development entity that prepared a strategy for the Puget Sound Region. They selected five target clusters:

Aerospace Clean Technology

KIMBERLY-CLARK EVERETT SITE PROPERTY COUNSELORS Information Technology Life Sciences Logistics and International Trade

The Partnership added two clusters in 2008:

Military Tourism

The Snohomish County Economic Alliance has identified the high tech and growth sectors Aerospace, Health Care, and Clean Tech for expansion and recruitment. The Aerospace sector will be concentrated near Boeing in the Paine Field area. The subject site would only be suitable for such uses if there were no other suitable sites in south Everett. The Health Care sector includes Bio-tech. Snohomish County is home to many biotech companies, but most are located in the Canyon Park area southeast of Everett. Clean Tech is an emerging sector related to the environment and energy. This is a promising sector for the site. Logistics and International Trade is a logical sector with the potential for cargo handling on the site. There may be opportunities for serving the Navy on the adjacent property on the waterfront. There may be opportunities for tourist-related vessels on the waterfront as well.

#### **CARGO HANDLING**

Total metric tons for cargo at Puget Sound ports are projected by the Washington Public Ports Association (WPPA) to increase at an average annual rate of 1.8% over the next 20 vears. The cargo types expected to show the strongest growth are containers at 4.1% and auto imports at 3.9%. Breakbulk includes fruits, forest products and metal products, and is forecast to experience slow growth with some shifts to containers. Log and grain exports are forecast to level off. Dry bulk including imports and exports of wood chip, minerals and metal scraps are forecast to grow at faster rates. Liquid bulk, particularly crude oil and petroleum products is forecast to level off, and shift from domestic to foreign sources with Alaskan oil production declining.

The types of cargo that the site could realistically support are auto import/exports and breakbulk. Rail access is a critical component for auto import/export facilities and other bulk facilities. These facilities support a variety of Roll-on/Roll-off commodities as well. The subject site is suitable for auto imports and exports, but it would be smaller than the competitive facilities in Portland, Tacoma, and Grays Harbor.

#### **OTHER WATER DEPENDENT USES**

Shipbuilding and repair has remained steady in recent years despite the economy and the closure of some yards. A new wave of fishing vessel construction should further stimulate shipbuilding, with continued demand for state ferries, military and security vessels, tugboats, passenger ferries, and oil service vessels. The subject site would be suitable for shipbuilding and repair on a scale comparable to the existing Vigor facility in Everett and other smaller builders in the region

There are opportunities for growth in specialty seafood processing. While only a portion of the seafood that is processed at a facility may come over the dock, some fish companies may want to consolidate the product from several sources at a single processing location. Trident Seafoods has several facilities in this region that provide secondary processing and value-added products. Trident has expressed interest in the past in expanding processing facilities on waterfront sites. The subject property would be suitable for a facility comparable to the nine acre facility in Anacortes.

Ship equipment service and supply businesses are an important part of the marine cluster. Many are positioned near the water as their primary customers occupy shoreline locations, and close proximity to their clients is an advantage.

Marine construction in general has been healthy, with some recent drop off resulting from the recession. For the most part, business activity of resource companies varies with general construction activity in the region. Expanded operations and larger equipment are forcing firms to seek more upland area.

There are companies providing a variety of small cruise and expedition services, with seven day cruises in the San Juan Islands and British Columbia, as well as longer cruises to Alaska. The vessels may have capacities of less than 100 passengers. These vessels operate out of public marinas in the area. Continued growth in the passenger transportation sector is anticipated in the future, particularly in the large cruise ship segment, but in small vessels as well. One challenge for this use is to meet many of the land side needs for parking capacity and passenger loading/unloading.

Local demand for this category of use will benefit from the continued pressure in prices and land availability for maritime users in Seattle, particularly on the Ship Canal and in the Interbay area.

#### **CLEAN TECHNOLOGY AND GREEN INDUSTRIES**

Clean technology, alternative energy, and the environment are the common theme of socalled Green industries. Green jobs are those that are primarily engaged in one of four core areas:

- Increasing energy efficiency
- Producing renewable energy
- Preventing and reducing environmental pollution
- Providing mitigation or cleanup of environmental pollution

A survey by the Washington State Department of Employment Security identified 76,000 private sector and 23,000 public sector green jobs in Washington in 2009. Snohomish County had 5,500 green jobs with a strong concentration in energy efficiency.

Green jobs can collocate with complementary jobs in an eco-industrial park. Such a facility could provide a theme for the re-use of the subject property. An eco-industrial park is a facility that responds directly to the needs and opportunities of green industry. In its purest form, an eco-industrial park offers both shared systems (such as wastewater treatment or distributed/district energy) and resources (including green purchasing blocks), as well as reuse of byproducts of some businesses by others.

The subject site could accommodate green industries either as a single purpose power generation facility or as a business park with multiple green industry tenants. Kimberly-Clark operated a co-gen facility producing power on site from the burning of wood chips. Such a use is water-dependent to the extent that fuel for the power generating facility is delivered to the site by ship or barge. As a green business park, the site could accommodate a mix of green–related businesses. A research facility similar to Urban Waters in Tacoma would also be an anchor tenant and attract private businesses involved in similar work, serving as an incubator. The challenge for such a reuse of the site is the need to attract multiple users, fund public ventures, and manage a complex business enterprise.

#### OTHER MANUFACTURING USES

There are other manufacturing sectors that may be attracted to the subject site, because it is one of the few remaining large industrial parcels in central and south Everett. When the 120 acre CEMEX property in South Everett is developed, there won't be other large sites for development in the Paine Field area to support expansion of the aerospace cluster and Boeing. However, aerospace suppliers that don't require close proximity to Boeing or other suppliers could find relatively inexpensive sites in North Snohomish County. Tenants of an aerospace business park could access the Paine Field area easily via Rucker Avenue, Evergreen Way, and SR-526 or Airport Road.

While there are undoubtedly industrial users that would find the site to be suitable, the challenge will be to attract multiple users and develop the necessary site improvements for a speculative development.

#### COMMERCIAL USES

Puget Sound effectively cuts the potential trade area for any retail development in half. Further, the access to the site is circuitous, and would challenge the shopping habits of even those households within the remaining trade area. The one obvious opportunity would be for a water-oriented commercial center developed in conjunction with public access. Likely uses would include food service (a restaurant or deli), small shops and commercial recreation opportunities.

Generally, the market conditions are not strong enough to support major new office development. Over the longer term, growth in population and employment will create demand for new office development. Campus-style in a business park setting would not compete directly with development on sites in the CBD. However, development of such a use on the Kimberly-Clark site would probably involve multiple users and would require the participation of a developer. Such a scenario would increase the challenges of developing such a use on a site whose major assets are rail and water transportation access.

#### **COMMUNITY-WIDE ECONOMIC BENEFITS**

All of the candidate uses would create economic benefits in the form of business gross receipts, jobs, wages and salaries, and local tax revenues. Impacts would accrue on a one-time basis during construction, as well as an ongoing annual basis with business activity. In addition to the direct impacts on the site itself, there would be indirect and induced impacts throughout the economy as local purchases and household spending work their way through the economy. Four concepts were identified for illustrative purposes to reflect different potential combinations of use categories on the site.

- Water-dependent industrial use for entire site
- Non-water-dependent use on entire site.
- Mix of water-dependent and non-water-dependent industrial uses on site.
- Mix of water-dependent and non-water-dependent industrial uses as well as possible research/education/business park use.

The economic benefits estimated for each concept are summarized in the table on the following page. Generally, the non-water-dependent use concept has the highest impact across measures, with the water-dependent use the lowest impact. The mixed concepts fall between the two.

The staff / consultant team has developed four alternative land use / public access scenarios for consideration and evaluation for the planning process. The four land use alternatives do not match precisely the four economic concepts identified above. However, the analysis of the four economic concepts would generally be consistent with the land use alternatives as described below:

- 1. The "Water-dependent industrial use for the entire site" economic concept is very similar to both Land Use Alternative #1 (Existing Regulations) and Land Use Alternative #2 (Water-dependent and Heavy Industrial).
- 2. The "Non-water-dependent use on entire site" economic concept is very similar to Land Use Alternative #3 (Business Park and Public Access).
- 3. The "Mix of water-dependent and non-water-dependent industrial uses" can be developed under Land Use Alternative #4 (Water-dependent and Non-water-dependent Industrial Mixed Use).
- 4. The "Mix of water-dependent and non-water-dependent industrial uses / research / education / business park use" can be developed under either Land Use Alternative #3 (Business Park and Public Access) or Land Use Alternative #4 (Water-dependent and Non-water-dependent Industrial Mixed Use).

#### Table I-1 **Summary of Economic Benefits**

	Concept 1	Concept 2	Concept 3	Concept 4
	WD Industrial	Non-WD Industrial	Industrial Mix	Ind. Research Mix
Site Area				
Waterdependent Industrial	52.0	-	21.0	11.0
Non-WD Industrial	-	48.0	20.5	13.0
Education/Research/Business Park	-	-		13.0
Vessel Services	-	-	-	4.0
Water-Related Commercial	3.7	1.7	1.7	1.7
Total	55.7	49.7	43.2	42.7
Direct Benefits-Ongoing				
Gross Receipts	\$43,480,920	\$355,129,440	\$167,668,650	\$244,559,370
Employees	334	994	549	889
Earnings	\$19,629,710	\$47,690,230	\$28,097,850	\$57,839,350
Direct Indirect and Induced-Ongoing				
Gross Receipts	\$72,514,121	\$543,793,545	\$259,048,165	\$394,336,457
Employees	1,052	1,563	861	1,389
Earnings	\$103,592,892	\$81,860,599	\$48,120,561	\$106,656,311
Direct Benefits-Construction				
Gross Receipts	\$29,700,000	\$64,426,400	\$38,989,400	\$43,176,800
Employees	114	247	149	165
Earnings	\$5,818,926	\$12,622,641	\$7,638,937	\$8,459,346
Direct Indirect and Induced-Constructi	on			
Gross Receipts	\$53,810,460	\$116,727,752	\$70,640,995	\$78,227,726
Employees	184	398	241	267
Earnings	\$10,489,195	\$22,753,572	\$13,769,947	\$15,248,818
Increased Tax Base				
Assessed Valuation	\$31,962,000	\$52,323,120	\$34,598,520	\$40,596,120
Gross Receipts	\$43,480,920	\$355,129,440	\$167,668,650	\$244,559,370
Taxable Sales-Construction	\$22,275,000	\$48,319,800	\$29,242,050	\$32,382,600
Taxable Sales-Ongoing	\$11,840,237	\$11,145,530	\$8,058,928	\$13,961,612
Utilities Charges	\$0	\$0	\$0	\$0
Phone/Power/Gas	\$527,024	\$1,288,528	\$752,740	\$787,588
Water	\$30,701	\$91,368	\$50,464	\$32,080
Property Sales	\$24,262,920	\$21,649,320	\$18,817,920	\$18,600,120
Direct Tax Revenues-Annual Ongoing				
City	\$278,933	\$693,006	\$391,810	\$539,472
County (incl. EMS, ferries and flood)	72,838	90,408	62,193	88,745
Transit	71,041	66,873	48,354	83,770
Port	11,033	18,061	11,943	14,013
School district	197,152	322,747	213,415	250,411
RTA	106,562	100,310	72,530	125,655
State	1,057,279	2,568,868	1,418,456	2,189,139
Total	\$1,794,839	\$3,860,273	\$2,218,702	\$3,291,204
Direct Tax Revenues-One Time				
City	\$635,125	\$1,222,823	\$768,606	\$839,959
County (incl. Criminal Justice and Mental Healt	77,963	169,119	102,347	113,339
Local Transit	133,650	289,919	175,452	194,296
RTA	200,475	434,878	263,178	291,443
State	1,904,416	3,734,554	2,333,236	2,555,165
Total	\$2,951,628	\$5,851,294	\$3,642,820	\$3,994,202

#### **DOWNTOWN ECONOMIC BENEFITS**

The Downtown would realize three specific economic benefits: spending by on-site workers, purchases by on-site businesses, and contributions to increased attractiveness of Downtown. The Non-Water-Dependent and Industrial Research Mix concepts offer the highest potential employee spending. This result is largely related to the estimated number of jobs. The Water-dependent Industrial concept has the greatest number of potential Downtown employees supported by business purchases, based on its high multiplier effect. Any use within the viewshed of downtown buildings that provides an attractive outlook, will contribute to the desirability of Downtown. Those concepts that provide an amenity, such as convenient public access from downtown, will have a greater positive impact on overall Downtown development.

#### CONCLUSIONS

- 1. The most notable attributes of the site are its size and its deep water and rail access. These attributes make it most suitable for an industrial use that ships or receives freight by either water or rail. The location with water views and access, adjacent to Downtown Everett make it desirable for various non-industrial uses as well.
- 2. The viability of various potential uses of the property is related to the match of site attributes with user requirements, the long-term outlook for the use sector and the interest on the part of potential purchasers in response to the ongoing marketing of the property. The most viable uses are the water-dependent uses and energy-related uses including power generation facilities receiving fuel by ship or barge, and green industry business parks. All of the interest expressed to date is by users rather than developers.
- 3. The cargo handling uses generally have lower employment densities than manufacturing uses or business park uses.
- 4. All of the sectors considered have high average wages.
- 5. A research or education facility would be a strong anchor for an institutional or business park setting. Such users may require public funding, and no existing institutions are candidates at this time.
- 6. Four conceptual economic scenarios were developed to provide an illustration of how future land uses could be combined on the site and access provided for vehicles and possibly the public. While the land use alternatives have been refined, the four conceptual economic scenarios provide a continuing basis for evaluating economic benefits of the land use alternatives.
- 7. All of the candidate uses and site concepts would create economic benefits in the form of business gross receipts, jobs, wages and salaries, and local tax revenues. Impacts would accrue on a one-time basis during construction, as well as an ongoing annual basis with business activity. In addition to the direct impacts on the site itself,

there would be indirect and induced impacts throughout the economy as local purchases and household spending work their way through the economy. The economic benefits do vary by concept.

Generally, the non-water-dependent use concept has the highest impact across measures, with the water-dependent use the lowest impact. The mixed concepts fall between the two.

- 8. The Downtown would realize three specific economic benefits that differ among concepts. Spending in Downtown by workers at the site would be greatest for the concept with the highest employment density. Further, purchases of goods and services by on-site businesses would be relatively higher for the Water-dependent use concept because of its high employer multiplier. Finally, the uses would make the downtown most desirable to new residents and businesses are those that provide amenities and attractive views of the waterfront and beyond.
- 9. Overall, there is a trade-off between viability in terms of current demand and potential economic benefit. The Water-dependent uses and use concept are the most viable in terms of current demand, but Non-water-dependent uses may offer greater potential economic benefit if such uses can be identified and attracted to the site.

# **II. SITE ATTRIBUTES**

The physical attributes of the site will dictate its suitability for alternative uses. The key attributes are summarized in this section.

## SITE SIZE:

Opialius.	
West of railroad tracks:	55.33 acres
East of railroad tracks:	<u>.18</u> acres
	55.51 acres
Tidelands:	<u>10.90</u> acres
Total:	66.41 acres

## WATER ACCESS:

2,500 lineal feet of deep water frontage.

I Inlanda

Existing dock and wharf.

### **RAIL ACCESS:**

**BNSF** Mainline

5 rail spurs, approximately 2 miles total.

## **UTILITIES:**

48" unfiltered city water supply line.

Secondary treatment facility on-site, privately owned.

## STRUCTURES POTENTIALLY TO REMAIN AFTER SITE DEMOLITION

Warehouse: 360,000 sq. ft. 3 floors. 3.98 acres.

Wastewater Treatment Facility

## **ZONING:**

M-2 Heavy Manufacturing.

## **VEHICLE ACCESS:**

From south Marine View Drive at north end of property, and Federal Avenue from the south.

Parking on property east of railroad and east of West Marine View Drive.

### **ADJACENT USES:**

Port of Everett including Dunlap Towing and Vigor Shipyard.

US Naval Station Everett.

In summary, the property is large and offers features that would be attractive to both water-dependent users as well as general industrial uses.

## **III. EXPERIENCE IN REUSE AND REVITALIZATION OF MILL SITES**

Mill sites throughout the country have closed in past decades, as international markets have changed, and existing facilities have become obsolete. The abandoned sites are frequently contaminated, but also are well located for alternative uses. The experience with such mill sites, both nationally and in this region, provide information useful in evaluating potential uses at the Kimberly-Clark site.

### NATIONAL EXPERIENCE

The United States Environmental Protection Agency (EPA) prepared a report in 2006, *Revitalizing America's Mills, A Report on Brownfield Mill Projects*. The report addressed reuse of sites for textile, wood, paper, iron and steel mills. The report provided case studies of successful projects throughout the country. The authors reviewed the characteristics of 355 total mill properties with cleanup funded by the EPA's Brownfield Program, as of 2006. The report presented six case studies as summarized in Table III-1.

	Type of Mill	Location	Site Area	New Use
Robertson Mill	Textile	Taunton, MA	6.5	64 Affordable Housing Units,
				18,000 sf commercial
Rock Hill Cotton Mill	Textile	Rockhill SC		116 Senior Apartments, Single
				Family Homesites, Office, Retail
Hennepin Paper	Paper	Little Falls, MI		Environmental Education Center,
				Ice Rink
Clatsop Mill	Wood Products	Astoria, OR	20.0	82 Single Family Residential Lots,
				Commercial.
Northwest Steel and Wire	Steel	Sterling, IL	720.0	Steel Products, Retail, Grain
				Terminal.
Cambria Ironworks	Steel	John stown, PA	12.0	Light Industry, Blacks mithing,
				Powder Coating.

Table III-1.EPA Case Studies for Reuse of Mill Sites

Clearly, the six case studies represent a small sample of the 355 properties. However, the authors of the report considered this sample to be illustrative. The experience supports the following observations.

- The projects range in size, but most involve a combination of uses to make full use of the site.
- Many involve reuse by non-industrial tenants.

- The industrial uses range from light industry to transportation to traditional manufacturing.
- Most of the redevelopment is overseen by public redevelopment agencies.
- The new uses provide fewer jobs than the previous industrial uses.
- Many of the projects include preservation of historical resources.

### **REGIONAL EXPERIENCE**

The Puget Sound region has several mills that have closed, and are identified for revitalization and reuse. Table III-2 summarizes the characteristics of six mills in the area.

# Table III-2.Reuse of Mill Sites in Puget Sound Region

	Type of Mill	Location	Site Area	New Use
Georgia Pacific	Pulp and Paper	Bellingham	137.0	Residential, Office, Retail,
C C		0		Recreational Marina, Technology
				Center, Western Washington
				University.
Custom Plywood	Wood Products	Anacortes	6.0	Boat Building and Repair
ITT Rayonier	Wood Products	Port Angeles	75.0	Development Authority formed and dissolved.
Kaiser Aluminum	Aluminum	Tacoma	96.0	Marine Terminal. Bulk Loading, Unit Trains.
Alcoa/Evergreen Aluminum	Aluminum	Vancouver	218.0	Marine Terminal. Wind Power Components, Auto Exports, Unit Trains.
Champion Mill	Forest Products	Seattle	19.0	Marine Terminal Breakbulk.

The former aluminum mills in Tacoma and Vancouver, Washington were both purchased by public ports for major cargo facilities. Both offer rail capacity for large unit trains. The Champion Mill property in Seattle was purchased by a breakbulk shipping company providing freight service to and from Alaska. The uplands area accommodates storage and staging, as well as three non-water-dependent users. The Custom Plywood site will be used for boat building and repair when site clean-up is complete. The Georgia Pacific property was purchased by the Port of Bellingham, and a reuse plan was developed in cooperation with the City of Bellingham. Western Washington University is a partner in the Technology Development Center on site, and may move Huxley College of the Environment, the College of Business and Economics or both to the site. The property will be developed for a mix of residential and commercial uses, but redevelopment will occur over a lengthy time horizon. Clean-up of the ITT Rayonier site is underway. A Public Development Authority was formed to manage the redevelopment of the property, but the authority was dissolved when no viable uses were identified. The local experience indicates that marine industrial reuse is viable for such sites. However, Bellingham is the only site of the six that is located on a downtown waterfront, and the proposed uses there are non-industrial.

# **IV. TARGET SECTORS**

One primary objective for reuse of the Kimberly-Clark property is to replace the lost jobs and wages from the closed mill. This objective matches that of economic development organizations in the county and region. The economic strategies for the region provide another starting point for identifying potential uses.

### **ECONOMIC CLUSTERS**

The Prosperity Partnership is a coalition of government, business, labor, and community organizations in the Central Puget Sound Region of Washington State (King, Pierce, Snohomish, and Kitsap counties) that has developed and is implementing an economic development strategy for the region. The Partnership identified 14 primary clusters in the region:

Aerospace Boat Building Business Services Energy Environment and Alternative Energy Electronic Shopping Head Offices Long-Term Care Life Sciences Information Technology Logistics and International Trade Sound Recording Specialty Foods Tourism and Visitors

The Partnership prepared a profile of the 14 clusters that is summarized in the charts on the following page. The charts demonstrate three key factors for target sectors:

**Employment Change**. These sectors have experienced recent growth or are expected to grow in the future. The sectors are represented by bubbles in the Cluster Profile chart. The size of the bubble reflects the relative size as measured by employment. The clusters to the right of the vertical line are those that are projected to grow. Only the Wood Products cluster is not projected to grow.

**Employment Concentration.** Any sector with a location quotient greater than 1.0 has a higher concentration of jobs than the U.S. average. The clusters above the horizontal line have location quotients greater than 1.0. The concentration figures reflect historical development, but generally are related to competitive advantages for the region.

**High Wages.** Those clusters with higher wages contribute relatively more personal income to the region. As shown in the average wage figure, all the clusters except Tourism and Long-Term Care have average wages that exceed the non-cluster average.





Source: ESD, PSRC

Note: Covered employment only. Military not included. In this "bubble chart," the size of each bubble symbolizes the size of the cluster in terms of employment. Bubbles above the horizontal line at 1.0 are dusters in which our region has a higher concentration of jobs than the U.S. average. Those below the line are clusters that formerly had higher job concentrations in our region but currently are below the U.S. average. Bubbles to the right of the vertical line are dusters that experienced employment growth from 2005 to 2007. Those to the left experienced declines in employment during those years.



Note: Military not included.

The Prosperity Partnership selected five clusters to be the target clusters for a regional strategy:

Aerospace Clean Technology Information Technology Life Sciences Logistics and International Trade

The Partnership added two clusters in 2008:

Military Tourism

The Snohomish County Economic Alliance has identified the high tech and growth sectors Aerospace, Health Care, and Clean Tech for expansion and recruitment. The Aerospace sector will be concentrated near Boeing in the Paine Field area. The subject site would only be suitable for such uses if there were no other suitable sites in south Everett. The Health Care sector includes Bio-tech. Snohomish County is home to many biotech companies, but most are located in the Canyon Park area southeast of Everett. Clean Tech is an emerging sector related to the environment and energy. This is a promising sector for the site, and is addressed in Section VI. Logistics and International Trade is a logical sector with the potential for cargo handling on the site. There may be opportunities for serving the Navy on the adjacent property on the waterfront. There may be opportunities for tourist related vessels on the waterfront as well.

## **EXAMPLES OF HIGH ECONOMIC IMPACT DEVELOPMENTS**

Site Selection Magazine publishes a list of the major site and facility developments in the country each year. These Top Deals are illustrative of the types of impact that specific projects can have, even if the specific sectors aren't candidates for the subject site. Table IV-2 summarizes the characteristics of the Top Ten Deals in 2010 and 2011.

# Table IV-2Characteristics of Site Selection Magazine Top Deals

#### Top Deals 2011

Intel

Navistar

Samsung

Nucor

Hillsbro, OR

Austin, TX

St. James Parish, LAIron Steel Mfg.

Illinois

-	Location	Facility	Investment	Jobs
Amazon.com	Tennessee	Order Fulfillment	\$350 million	3,500
Continental Tire	Sumter Co. SC	Auto Tire Production	\$534 million	1,650
eBay	Draper UT	Customer Service	\$110 million	2,200
GE Transportation	Fort Worth, TX	Locomotive Mfg.	\$100 million	750
Honda	Guanajuato, Mexico	o Auto Mfg.	\$800 million	3,200
Intel	Chandler AZ	Chip Fabrication	\$5,000 million	1,000
Jackson Laboratory	Farmington CT	Medicine Genomics	\$1,100 million	
Navistar	Muscle Shoals, AL	Railcar Mfg.	\$87 million	1,800
Pratt and Whitney Cana	a Ontario, Quebec	Aircraft Engine Mfg.	\$1,000 million	2,000
Sasol	Westlake, LA	Transportation Fuels	\$10,000 million	850
Top Deals 2010				
	Location	Facility	Investment	Jobs
Abound Solar	Tipton, IN	Solar Module Mfg.	\$500 million	850
Cerner Corp./On Goal	Kansas City KA	Healthcare Information	\$414 million	4,000
Electrolux	Memphis TN	Cooking Products Mfg.	\$190 million	1,200
First Quality Tissue	Anderson SC	Tissue Towel Mfg.	\$1,000 million	1,000
Ford Motor Co.	Louisville, KT	Escape SUV Assembly	\$600 million	1,800

Samsung/KEPCO Ontario, Canada Renewable Energy Componer \$7,000 million The amount of investment and jobs for these projects is very impressive. At the same time these deals were very competitive, and the state and local jurisdictions in many cases provided incentives that would not be available in this state.

HQ, Research & Testing, Parts

R&D, 2 Fabrication

Chip Fabrication

The facilities include semiconductor plants, auto and truck assembly and parts, customer service and order fulfillment centers, and rail component manufacturing. More relevant for this site are the clean tech projects for renewable energy components.

\$4,000 million

\$3,400 million

\$3,600 million

\$205 million

Hundreds

2,100

1,250

500

# V. CARGO HANDLING

Cargo handling is an obvious candidate use because of the adjacency of the site to the Port of Everett, and the experience in reuse of mill sites for cargo terminals in Tacoma and Vancouver. Various types of cargo facilities are considered in this section.

#### **OVERVIEW**

The Washington Public Ports Association commissions regular forecasts of trade and cargo volumes in Puget Sound and Columbia River ports. The most recent forecasts were prepared in 2009. The baseline volumes and projected growth rates are summarized in Table V-1.

#### Table V-1. Summary of Washington Public Ports Association Cargo Forecast Puget Sound

		2007		Avg. Ann.	Growth 200	7 to 2030
	Inbound	Outbound	Total	Inbound	Outbound	Total
All Cargo (1,000 Metric tons)	49,391	31,005	80,396	1.9%	1.5%	1.8%
Container (1,000 TEU's)			3,861			4.1%
Breakbulk (1,000 Metric tons)	446	681	1,127	0.7%	1.0%	0.9%
Auto Imports (1,000 Units)			175			3.9%
Log Exports (1,000 Metric tons)	1,212	913	2,125	0.3%	1.1%	0.7%
Grain Exports (1,000 Metric tons)		11,965	11,965			0.4%
Dry Bulk (1,000 Metric tons)	9,249	5,371	14,620	1.5%	1.4%	1.5%
Liquid Bulk (1,000 Metric tons)	24,448	9,342	33,790	0.3%	0.7%	0.4%

Source: Washington Public Ports Association and Washington Department of Transportation, *Marine Cargo Forecast* 

Total metric tons are forecast to increase at an average annual rate of 1.8%. The cargo types expected to show the strongest growth are containers and auto imports. Breakbulk includes fruits, forest products and metal products, and is forecast to experience slow growth with some shifts to containers. Log and grain exports are forecast to level off. Dry bulk including imports and exports of wood chip, minerals and metal scraps are forecast to grow at faster rates. Liquid bulk, particularly crude oil and petroleum products are forecast to level off and shift from domestic to foreign sources with Alaskan oil production declining.

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## **OPPORTUNITIES IN EVERETT**

The Port of Everett is currently active in several cargo types. The Port handles some containers, largely aerospace parts as well as some consumer products and other commodities. The Port handles breakbulk cargo that is too large for containers, including windmill blades and heavy equipment. Roll-on/Roll-Off (RoRo) includes wheeled and tracked cargo such as heavy equipment and trucks. Other bulk cargo includes logs and cement.

The opportunities for cargo facilities vary by type of facility and are related to the characteristics of the site.

#### CONTAINERS

While the Port of Everett currently handles containers, it does not have a specialized container terminal. The Ports of Seattle and Tacoma both have several container terminals.

#### Table V-2. Container Terminals Seattle and Tacoma

	Acres	Rail
Seattle		
Treminal 46	88	
Termiinal 25	32	
Terminal 18	196	On-dock
Terminal 5	182	On-dock
	498	
Tacoma		
APM	135	
Husky	93	On-dock
Olympic	54	On-dock
Pierce County	171	On-dock
TOTE	47	
Washington United	102	On-dock
	602	

Each port offers the mega-terminals (125 acres or more with on-dock rail) that are necessary to serve the largest container ships. Tacoma recently attracted the Grand Alliance (shipping lines NYK, OOCL, and Hapag-Loyd) from Seattle to its Washington United Terminal. Without those shippers, the Port of Seattle will have significant unused container handling capacity at its Terminal 18.

Competition for container traffic will be fierce over the coming years. The southern California ports have always benefited from their large local service areas. Canadian ports in Vancouver and Prince Rupert are aggressively pursuing container trade. The expansion of the Panama Canal to handle the largest container ships will provide opportunities for east coat ports to handle the Asian import trade. Because of the size necessary for a mega-terminal and the competitive conditions, the subject site is not suitable for a specialized container terminal.

#### AUTO IMPORTS AND EXPORTS

While west coast ports have historically handled auto imports from Asia, United States auto makers have begun to export autos to Asia as well. The characteristics of the major auto import/export terminals in the Pacific Northwest are summarized in the following table.

#### Table V-3. Auto Import/Export Terminals Pacific Northwest

	Acres	Rail	Manufacturer
Port of Tacoma			
Marshall Ave. Auto	146.5	On-dock	Isusu, Kia, Mazda, Mitsubishi
Port of Portland			
Terminal 4	110.0	On-dock	Toyota
Terminal 6	200.0	On-dock	Hyundai, Honda
Port of Grays Harbor			
Terminal 4	120.0	On-dock	Chrysler

Rail access is a critical component for auto import/export facilities. Sufficient rail spur capacity is necessary to accommodate long unit trains. The Port of Grays Harbor recently added 37,000 lineal feet of track (approximately seven miles) to its terminal. These facilities also support a variety of Ro-Ro commodities as well.

The subject site is suitable for auto imports and exports, but it would be smaller than the competitive facilities in the region.

#### ADDITIONAL BREAKBULK

Break bulk commodities require the same types of dock/wharf access, upland staging and handling area, and transportation access as the auto import/export facilities. Many of the competitive facilities serve both types of commodities, and offer flexibility in responding to cargo opportunities. Other breakbulk commodities generally don't reach the same volumes, and don't require the same amount of upland area and rail capacity. The subject site would be suitable for such facilities.

#### **OTHER BULK COMMODITIES**

Liquid bulk facilities handle petroleum products, animal and vegetable oils, and chemicals. These commodities typically require specialized storing and handling facilities. Given the significant investment required, existing facilities, and relatively low growth rates, these facilities may not be a viable use of the site at this time.

Dry bulk facilities handle grains, as well as wood chips, minerals, cement and coal. Other than grain, many of the dry commodities don't require specialized storage, handling and loading facilities. Such uses could be viable on the site.

There are several facilities proposed in Washington and Oregon to handle coal from the Powder River Valley for export to China. Proposed facilities are located in:

Cherry Point in Whatcom County	St. Helens, OR
Hoquiam	Coos Bay, OR
Longview	Boardman OR

The proposed facilities could handle between 10 and 40 million tons of coal each annually. The existing Roberts Bank Terminal in British Columbia handles 25 million tons per year on a 133 acre site. Besides the likely controversy over a coal terminal, the site isn't large enough for a competitive facility.

# **VI. OTHER WATER DEPENDENT USES**

Water dependent uses are those that require adjacency to the water for access in the conduct of their business. Such uses are obvious candidates for a site such as the subject site. The site is well-positioned to accommodate the needs of businesses that are threatened by price increases or land use conflicts in the Seattle area, particularly Interbay and the Ship Canal.

## SHIPYARDS AND SHIP REPAIR

Vigor Industries operates the Everett Shipyard on Port of Everett property adjacent to the subject site. The facility includes a 1,000 ton dry-dock, two piers with 1,200 lineal feet of frontage, and shop space on a 3.6 acre site. Additional facilities for ship building and repair may be viable.

The shipbuilding industry in the region has consolidated over the past decade. Two longterm shipyards in Seattle closed since 2005, Marco and Duwamish Shipyards, with both relying heavily on fishing vessel construction, conversion, and repair. Other shipyards which relied on contracts for state ferries, military and security vessels, tugboats, passenger ferries, and oil service vessels have fared better. Overall, shipbuilding and repair has remained steady in recent years despite the economy, as shown in Table VI.-1. Boat building declined with the overall economy, but has stabilized and begun to recover.

# Table VI-1. Trends in Gross Income for WashingtonState Shipyards

	Ship Building and		
	Repair	Boat Building	Total
1994	\$168,472,080	\$289,372,741	\$457,844,821
1995	201,049,517	367,675,610	568,725,127
1996	225,227,167	391,509,280	616,736,447
1997	219,845,120	421,122,669	640,967,789
1998	193,411,545	446,387,687	639,799,232
1999	269,821,119	522,736,759	792,557,878
2000	270,017,223	570,561,074	840,578,297
2001	239,883,584	502,899,599	742,783,183
2002	274,299,746	586,989,727	861,289,473
2003	260,046,079	669,670,246	929,716,325
2004	332,693,024	1,085,409,212	1,418,102,236
2005	426,853,291	1,018,947,959	1,445,801,250
2006	348,517,558	1,184,200,018	1,532,717,576
2007	420,321,506	1,294,036,562	1,714,358,068
2008	494,118,719	1,193,406,792	1,687,525,511
2009	541,279,680	858,657,642	1,399,937,322
2010	532,411,087	826,324,177	1,358,735,264
2011	537,504,003	865,676,082	1,403,180,085
Avg. Ann. Growth	7.1%	6.7%	6.8%

A new wave of fishing vessel construction should further stimulate shipbuilding. In a column in the Seattle Times, Peter Philips reported that the fishing industry in the region is "embarking on a quarter century of new vessel construction" in response to high seafood prices, changes in federal laws on new boat construction, and advances in technology for vessels and machinery. He cites expansion of employment at JM Martinac Shipbuilding in Tacoma, LeClerque Marine and Pacific Fisherman's in Seattle.

Safeboats builds aluminum boats in an industrial park in Bremerton and is expanding to a waterfront site in Tacoma to accommodate the construction of larger aluminum patrol boats for the Navy.

The subject site would be suitable for shipbuilding and repair on a scale comparable to the Vigor facility in Everett and other smaller builders in the region.

## FISH PROCESSING AND COLD STORAGE

Seafood processing has shown strong growth as an industry in the state as shown in Table VI-2. In spite of this growth, there has been a decline in the number of processors on waterfront sites in the region. Many processors don't believe they need to be on a waterfront site. Further, product continues to be shipped directly from Alaska or through Seattle via containers, and isn't processed here. China has captured a significant amount of primary processing. With less product offloaded at the dock, it is cost-effective to

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process at less expensive inland locations. On the positive side, there are opportunities for growth in specialty processing. Further, while only a portion of the seafood that is processed at a facility may come over the dock; a fish company may want to consolidate the product from several sources at a single processing location.

# Table VI-2. Trends in Gross Income for WashingtonSeafood Processing

		Fresh & Frozen	
	Seafood Canning	Seafood Processing	Total
1994	\$191,701,715	\$702,465,312	\$894,167,027
1995	270,491,143	933,923,044	1,204,414,187
1996	265,621,884	960,490,124	1,226,112,008
1997	304,523,160	883,931,297	1,188,454,457
1998	240,204,380	777,559,892	1,017,764,272
1999	259,343,205	853,078,477	1,112,421,682
2000	325,241,075	915,418,295	1,240,659,370
2001	381,592,761	1,037,127,390	1,418,720,151
2002	383,468,121	1,119,604,219	1,503,072,340
2003	316,377,458	1,197,493,149	1,513,870,607
2004	291,315,417	1,540,869,222	1,832,184,639
2005	290,621,477	1,143,891,529	1,434,513,006
2006	270,436,894	1,689,291,134	1,959,728,028
2007	315,462,679	1,890,417,552	2,205,880,231
2008	364,295,099	1,954,970,619	2,319,265,718
2009	261,141,535	1,618,471,209	1,879,612,744
2010	320,445,112	1,822,303,494	2,142,748,606
2011	372,530,336	2,073,899,121	2,446,429,457
Avg. Ann. Growth	4.0%	6.6%	6.1%

Trident Seafoods has several facilities in this region that provide secondary processing and value-added products. Trident is one processor that has expressed interest in expanding processing facilities on waterfront sites. Trident operates a processing facility near Terminal 91 in Seattle. The plant produces value added portion-controlled seafood products. The facility also serves as a cold storage distribution center. The Port of Seattle is building a 200,000 square foot warehouse to serve the needs of Trident as well as the nearby cruise ship terminal. Trident also operates a secondary processing and cold storage facility in Anacortes. This faculty, built in 1989, employs 225 workers in 250,000 square feet of processing and warehouse buildings on 9 acres.

The subject property would be suitable for a facility comparable to that in Anacortes.

## SHIP EQUIPMENT/SUPPLY/SERVICE

Ship equipment businesses are typically smaller firms providing engines, generators, propellers, deck machinery, cranes, and electronic components. Many of these businesses are not located on the waterfront, but deliver and install their products at shipyards or

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dockside. Ship supply and service businesses are purveyors of fuel, maritime supplies, bilge cleaning services, etc.

Local ship equipment firms experienced robust business operations in recent years (prior to the recession) fueled by shipbuilding activity.

Ship equipment businesses are typically not located on the water as their products are transported by truck. Nonetheless, most are positioned near the water as their primary customers occupy shoreline locations, and close proximity to their clients is an advantage.

## HARBOR SERVICES

Harbor services include pilotage, tugboat assistance, and environmental response. The major trends in this sector are the increase in ship size and regulation. With larger vessels, there are fewer ships and larger tugs required. With increasing attention to potential environmental consequences, the level of resources and the sophistication of response efforts have increased.

Several businesses in this sector were displaced in the past when the Port of Seattle expanded Terminal 18 on Harbor Island. Most of these businesses have relocated within the area.

## **INTERMODAL**

Intermodal users include the intermodal yards, container freight stations and warehouses, container storage and repair, and central examining stations. Such facilities typically support container terminals, and wouldn't be necessary here in the absence of one. Even with a container terminal, the intermodal facilities do not need to be provided near the terminal. Additional warehouse and container freight station capacity can be located away from the water but preferably nearby.

### **CONSTRUCTION AND RESOURCES**

Many marine construction companies require waterfront sites to store and load barges and cranes. Such companies are involved in building piers, bridges, breakwaters, seawalls, and marinas, as well as dredging operations. Resource firms produce and distribute cement, concrete, aggregate, and similar construction materials.

Marine construction in general has been healthy, with some recent drop off resulting from the recession. For the most part, business activity of resource companies varies with general construction activity in the region. Expanded operations and larger equipment are forcing firms to seek more upland area. There are specific opportunities associated with major public construction projects in the region. The SR-520 Bridge on Lake Washington will utilize components fabricated on water accessible sites throughout the region.

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## **PASSENGER TRANSPORTATION**

Passenger facilities provide cruise and sightseeing services in the Puget Sound area as well as Alaska and British Columbia. The cruise ship industry in Seattle has grown substantially since the late 1990s. In 2012, a total of 202 vessel trips are scheduled with a total passenger count estimated at more than 800,000. The industry's growth is attributed to economies of scale associated with larger ships which has resulted in price reductions and made cruises affordable to more people. In addition, demographics, specifically the baby boomer surge, has led to increased passenger counts. The needs for large cruise ship facilities will continue to be met by the two terminals in Seattle.

There are companies providing a variety of small cruise and expedition services. Inner Sea Discovery offers seven day cruises in the San Juan Islands and British Columbia, as well as seven to 21 day cruises to Alaska. The vessels range in capacity from 22 to 76 passengers. The vessels dock in Fisherman's Terminal in Seattle. There are several smaller charter services that provide day and overnight trips in Puget Sound. These vessels operate out of public marinas in the area.

Continued growth in the passenger transportation sector is anticipated in the future, particularly in the large cruise ship segment, but in small vessels as well. One challenge for this use is to meet many of the land side needs for parking capacity and passenger loading/unloading.

### **OTHER VISITOR-RELATED FACILITIES**

Historical vessels are a potential visitor attraction. The decommissioned aircraft carrier USS Ranger is proposed to be the world's largest floating museum at a site on the Columbia River. The USS Ranger Foundation has until September 2014 to remove the ship from its current moorage in Bremerton, or it will be sold for scrap metal. While such a vessel could be an attractive visitor draw, the cost of ongoing maintenance will be a significant financial hurdle. Such attractions have become serious burdens in other locations.

## VII. CLEAN TECHNOLOGY AND GREEN INDUSTRIES

Clean technology is one of target sectors for economic development at the State and local level. This sector provides logical potential uses for the site.

#### **DEFINITION AND SCOPE**

Clean technology, alternative energy, and the environment are the common theme of socalled Green industries. The Washington State Department of Employment Security has coordinated surveys of green jobs in 2008 and 2009 and provided a report that characterizes green economy jobs in the state. Green jobs are those that are primarily engaged in one of four core areas:

- Increasing energy efficiency
- Producing renewable energy
- Preventing and reducing environmental pollution
- Providing mitigation or cleanup of environmental pollution

The survey identified 76,000 private sector and 23,000 public sector green jobs in 2009, as shown in Table VII-1.

# Table VII-1Private and Public-Sector Positions by Core Area, 2009

Core Area	Private Sector Positions	Public Sector Positions	Total
Increasing Energy Efficiency	34,035	4,859	38,894
Producing Renewable Energy	3,166	298	3,464
Preventing and Reducing Environmental Pollution	30,622	15,382	46,004
Providing Mitigation or Cleanup of Environmental Pollution	<u>8,928</u>	<u>2,689</u>	<u>11,617</u>
TOTAL	76,751	23,228	99,979

**Note:** Employers may have reported more than one core area for some green jobs, so the sum of positions across core areas may exceed the number of green jobs.

*Source:* Washington State Green Jobs Survey, Employment Security Department Labor Market and Economic Analysis, 2009

As shown, Preventing and Reducing Environmental Pollution was the largest core area followed by Increasing Energy Efficiency. The public sector positions are heavily concentrated in the Preventing and Reducing Environmental Pollution area.

Snohomish County has a similar make-up of Green jobs, with a somewhat higher concentration in Energy Efficiency.

# Table VII-2Snohomish County Green Economy Jobs, 2009

Core Area	Positions
Increasing Energy Efficiency	2,677
Producing Renewable Energy	126
Preventing and Reducing Environmental Pollution	2,189
Providing Mitigation or Cleanup of Environmental Pollution	<u>464</u>
TOTAL	5,456

**Note:** Employers may have reported more than one core area for some green jobs, so the sum of positions across core areas may exceed the number of green jobs.

The State prepared an addendum to the study in March 2011. Among other analyses, the addendum provided projections of growth in green jobs by sector. Table VII-3 summarizes the projected growth in green jobs over the period 2008 to 2018. These sectors represent logical candidates for eco-industrial park tenants.

#### Table VII-3 Private-Sector Green Jobs by Industry, Washington 2008-2018

	2008	2008-2018
Industry Title	<b>Estimated Green Jobs</b>	<b>Average Annual Growth</b>
Electrical Equipment Manufacturing	1,429	4.2%
Management and Technical Consulting Services	1,216	3.0%
Services to Buildings and Dwellings	6,771	2.9%
Software Publishers	476	2.9%
Waste Collection	1,025	2.7%
Remediation and Other Waste Services	3,264	2.5%
Scientific Research and Development Services	2,202	2.2%
Architectural and Engineering Services	7,949	1.7%
Electronic Markets and Agents and Brokers	2,575	1.6%
Water, Sewage and Other Systems	373	1/4%
Petroleum Merchant Wholesalers	490	1.2%
Elementary and Secondary Schools	1,852	1.1%
Colleges and Universities	<u>755</u>	<u>1.1%</u>
Community Colleges	581	1.1%
Commercial Equipment Merchant Wholesalers	306	1.0%

Source: Washington State Green Jobs Survey, Employment Security Department Labor Market and Economic Analysis, 2009

## **ECO-INDUSTRIAL PARKS**

Green jobs can collocate with complementary jobs in an eco-industrial park. Such a facility could provide a theme for the re-use of the subject property. An eco-industrial park is a facility that responds directly to the needs and opportunities of green industry. In its purest form, an eco-industrial park offers both shared systems (such as wastewater treatment or distributed/district energy) and resources (including green purchasing blocks), as well as reuse of byproducts of some businesses by others. The organizational relationships among the tenants and park operators become as important as the physical systems themselves.

The most frequently referenced eco-industrial facility is the community-wide system in Kalundborg, Denmark. A coal-powered power plant is the anchor business. Surplus heat is used throughout the community. Surplus steam is sold to local manufacturers. By-products are sold to other businesses, including gypsum to a wallboard manufacturer, and fly ash for cement production. The relationship among the businesses evolved over time

in response to environmental regulations, compliance requirements, and pressure to reduce cost.

The concept of eco-industrial parks became very popular in the USA in the 1990's. The Environmental Protection Agency (EPA) created the Environmental Technology Initiative project which encouraged many demonstration projects. Eighteen of these projects repeatedly show up in the literature of that time, including two in the State of Washington – Skagit County Environmental Industrial Park and Raymond Green Industrial Park. But these proposals as well as many of the others never were realized.

There are examples of eco-industrial parks that have been built as summarized in Table VII-4.

	Cape Charles	Londonderry	Innovista	<u>Taiga No va</u>
		Londonderry New		Fort McMurray,
Location	Cape Charles, Virginia	Hampshire	Hinton, Alberta	Ontario
Size	130 Acres	90 Acres	108 Acres	130 Acres
		Gas-fired Power Plant		Construction
	Solar Panel Energy	Medical Supply		Industrial Laundry
Tenant Mix	Recovery Chemicals	Heating Technology		Concrete
Parcel Sizes		4.0 to 14 acres	.5 to 8.0 acres	.83 to 5.52 acres
Number of Parcels			27	26
Sale or Lease	Building for lease	Sites for Sale	Sites for sale	
	Only one tenant		Fully serviced,	
Status	remaining 2/3 empty	Appr. 75% built-out	uncleared.	3 tenant buildings
Eco Features		Shared resources and	Utility easements	Utility corridors
		programs	Central stormwater	Stormwater treatment
				Grey water reuse

# Table VII-4Characteristics of Selected Eco-Industrial Parks

Cape Charles Sustainable Technology is often cited as a successful example of an ecoindustrial park. The park was initiated as a demonstration project for a prototype park on a brownfield site. Initial businesses represented a strong cluster of energy-related businesses. Unfortunately the initial successes were not sustained, and none remain. The Londonderry Eco-industrial Park is located near the Manchester Boston Regional Airport in New Hampshire. The park is anchored by a gas-fired power plant. Promotional efforts stress use of by-products, shared resources and processes, and joint purchasing. Innovista and TaigaNova are two green-field projects currently under development in Canada. Both advertise their eco-friendly site features rather than specific resource sharing opportunities.

#### **EXAMPLES OF POTENTIAL USES**

Potential uses could include any of the industry segments included in Table VII-3. There are specific examples that are relevant to the site.

The Center for Urban Waters is a 51,000 square foot lab and office facility located on a 2.15 acre site on the east side of the Foss Waterway in Tacoma. The facility houses the City of Tacoma's Public Works Environmental labs and offices, the University of Washington Tacoma research labs, and the offices of the Puget Sound Partnership. In addition to the office and lab space, the facility provides a public promenade and a 75' dock for water monitoring vessels. The combination of users provides a focus on the issue of restoring and protecting urban waters. The facility was largely built with local, state, and federal funds.

McKinstry, a Seattle-based mechanical contractor has created the Innovation Center, a privately sponsored incubator development in the Georgetown area of Seattle. McKinstry designs builds and runs energy and mechanical systems for buildings. The tenants of the Innovation Center include HydroVolts, a water-turbine developer; General Biodiesel, a fuel from grease producer, and Everest Sciences, developer of turbine generator cooling products. The tenants benefit from shared facilities such as the machine shop, and both landlord and tenants benefit from the collaboration.

## **EDUCATION FACILITIES**

The examples of the University of Washington Tacoma and Urban Waters in Tacoma, as well as the potential relocation of departments of Western Washington University to the Bellingham waterfront suggest the potential for some type of educational facility as an anchor use on the Kimberly-Clark site. There is a current example of such a program in Everett. The Ocean Research College Academy (ORCA) is an early college high school academy associated with Everett Community College that uses the local marine environment as its unifying educational theme. Located in the Port of Everett's Waterfront Center, the program provides classrooms, office space and a lab. The location near the water facilitates marine research activity. While there would be potential for a research / educational facility to locate in the central waterfront, there are no known long term plans of any institution to locate on this site. Other ongoing education-related efforts concerning the University Center of North Puget Sound and Everett Community College do not include consideration of this area for an educational facility.

## **OPPORTUNITIES IN EVERETT**

The subject site could accommodate green industries either as a single purpose power generation facility or as a business park with multiple green industry tenants. Kimberly-Clark operated a co-gen facility producing power on site from the burning of wood chips. A potential user has discussed plans to continue this use on the site, although no formal proposal has been submitted. Such a use is water-dependent to the extent that fuel for the power generating facility is delivered to the site by ship or barge. Such a use would also benefit from city-supplied water at the site. Fuel could also be delivered to the site by rail or truck, but non-waterfront industrial sites are available elsewhere in the county to accommodate such operations.

As a green business park, the site could accommodate a mix of green–related businesses. While a power generation facility could be an anchor in a traditional eco-industrial park, an educational or research facility similar to Urban Waters could also be an anchor tenant and attract private businesses involved in similar work, serving as an incubator. The challenge for such a reuse of the site is the need to attract multiple users, fund public ventures, and manage a complex business enterprise.

# VIII. OTHER MANUFACTURING USES

The subject site has several characteristics that make it suitable for a variety of industrial uses. With 56 acres of uplands, the site is the second largest remaining industrial parcel in central and south Everett after the CEMEX property near Paine Field. Further, the site has good rail access, an existing 350,000 square foot warehouse, and secondary water treatment facility. The City's water utility is interested in finding a customer to replace the demand from Kimberly-Clark. Such a user, as well as other non-water-dependent uses, is described in this section.

## HIGH WATER CONSUMING USES

The Kimberly-Clark mill consumed 28 million gallons of water per day. Such consumption makes it one of the most water-intensive industries. The closure of the mill has freed up significant water capacity that the City can make available to attract other potential users. The City has hired WestWater Research to identify potential categories of users that would be attracted by that capacity. Further, the sewer treatment facility on site and the direct water line make the Kimberly-Clark site a logical location for such new users.

WestWater has prepared a draft report documenting their findings. (WestWater, *City of Everett Water Hub of Commerce*, July 12, 2012.) After a preliminary and final screening, WestWater identified four industries that have high water requirements and positive long-term growth prospects.

**Beverage Manufacturing**. The strongest opportunities identified in this sector include bottled water and craft brewing. Beverage manufacturers are anticipated to site new facilities based on access to transportation networks.

**Chemical Manufacturing**. Opportunities were identified for diverse products such as pharmaceuticals, basic chemicals, artificial fibers and filaments, agricultural chemicals, paints, and cleaning compounds. Chemical manufacturers look to site facilities near markets and inputs. There are currently a limited number of fertilizer and pharmaceutical manufacturing facilities in Snohomish County. A new chemical manufacturing facility might create 48-60 jobs.

**Food Manufacturing**. Opportunities were identified for dairy operations, fruits and vegetable processing, and seafood processing. Food manufactures are anticipated to locate new facilities near markets and inputs. Most new facilities create 40-50 jobs, but some facilities may employ significantly more.

**Power Generation**. The only water-intensive power generation sector that is growing is natural gas-fired production plants. Producers are expected to site new facilities near gas supplies, high voltage transmission lines, and water availability.

The study finds that the majority of use in the targeted industries is non-consumptive, and nearly all water will be discharged as wastewater. While additional wastewater treatment may be needed to accommodate new water-intensive industries, the Kimberly-Clark wastewater treatment plant may not provide the appropriate treatment technology.

## **OTHER MANUFACTURING SECTORS**

There are other manufacturing sectors that may be attracted to the subject site, because it is one of the few remaining large parcels in central and south Everett. When the 120 acre CEMEX property in South Everett is developed, there won't be other large sites for development in the Paine Field area to support expansion of the aerospace cluster and Boeing. However, aerospace suppliers that don't require close proximity to Boeing or other suppliers could find relatively inexpensive sites in North Snohomish County. The aerospace industry is diverse with subsectors of air framing, engineering, composites, aircraft interiors, avionics, and tooling. Firms in all six subsectors are located throughout the state. The types of firms that might be willing to pay a premium for a waterfront site are those that require marine and/or rail transportation facilities to handle components that are too large for truck transport. Other firms may find proximity to Boeing desirable if not necessary. Tenants of an aerospace business park that seek such proximity could access the Paine Field area easily via Rucker Avenue, Evergreen Way, and SR-526 or Airport Road. Generally, the issues identified as most important to the aerospace sector are workforce/training and taxes/incentives, rather than land availability. On balance, these factors indicate that the potential demand for the site by aerospace users may be limited.

Proximity to Naval Station Everett may be attractive to some industrial users. Department of Defense procurement from Snohomish County businesses totaled \$110 million in 2006 according the Puget Sound Regional Council's analysis of the regional military sector, representing 3% of total DOD purchases in the Puget Sound region. The top categories for DOD purchases in the region were:

Aircraft Manufacturing Engineering Services Commercial and Industrial Building Construction Other Aircraft Parts and Manufacturing Research and Development HMO Medical Center Petroleum refining Hardware Manufacturing New Military Housing Construction Petroleum/Petroleum Products Merchant Wholesale

While many of these categories may not be relevant to Naval Station Everett, there may be specific tenants who would be attracted to a business park on the Everett waterfront.

## **OPPORTUNITY IN EVERETT**

While there are undoubtedly industrial users that would find the site to be suitable, the challenge will be to attract multiple users and develop the necessary site improvements for a speculative development.

# **IX. COMMERCIAL USES**

Commercial uses are allowed in the M-2 zone. Such uses could include office or retail uses. The market conditions for such uses and the suitability of the site are considered in this section.

## **RETAIL USES**

Retail centers can range in size from small convenience stores to neighborhood shopping centers to large regional centers. In each case the center draws from a market area determined by natural features, transportation routes, presence of competitive centers, and presence of resident households. A convenience retail center is typically located on an arterial, and the market support is determined by traffic volumes rather than a particular population threshold. There isn't enough traffic in the area to support such a center.

Higher level shopping centers rely on a trade area population within a specified radius. In the case of a neighborhood shopping center, a population of 10,000 to 30,000 is expected with a one to three mile radius. For a regional serving shopping center, a population of 100,000 to 250,000 is required within a radius of 8 to 15 miles. In either case, Puget Sound effectively cuts the potential trade area in half. Further, the access to the site is circuitous, and would challenge the shopping habits of even those households within the remaining trade area.

The one obvious opportunity would be for a water-oriented commercial center developed in conjunction with public access. Likely uses would include food service (a restaurant or deli), small shops and commercial recreation opportunities. The amount of development that could be supported is related to the scope of the public access facilities provided. Any recreational uses would have to be reconciled to the operational and security needs of the surrounding uses.

## **OFFICE USES**

Office uses include local service businesses as well as larger headquarters buildings. Office space often takes the form of commercial district ground floor or walk-up space, campus style offices in business parks, or mid to high-rise buildings. Office market conditions in Everett and the region are summarized in Table IX-1.

#### Table IX-1 Office Market Conditions Bellevue and Seattle Markets

		Current	YTD	Average
	Inventory	Vacancy	Leasing	Rent
Seattle CBD	41,978,390	18.1%	792,441	\$29.63
Seattle In-City	4,619,632	22.6%	121,857	22.69
Seattle Southend/Federal Way	9,834,026	23.2%	106,110	19.81
Northend	3,643,308	19.4%	56,399	21.83
Eastside	27,364,623	13.5%	498,231	30.72
Total	87,889,979	17.5%	1,575,038	\$26.56
Everett	1,335,655	13.8%	5,574	\$19.34

Source: Cushman and Wakefield, Seattle Office Market Report, 2012, Bellevue Office Market Report, 2012

Vacancy rates are high by historical standards, but they are dropping in sub-markets other than the Seattle In-City. The Northend vacancy rate is 19.4%, above the rate for the region as a whole. Within the Northend market, Everett has a significantly lower vacancy at 13.8%. The weighted average rent in Everett is lower than either the Northend Market or the total region.

Generally, the market conditions are not strong enough to support major new office development. Over the longer term, growth in population and employment will create demand for new office development. That demand will be spread among the major submarkets: Downtown, the Everett Mall area, and the Paine Field area. Campus-style offices in a business park setting would compete for the tenants more common in the Paine Field area than Downtown. Such development would not compete directly with development on sites in the CBD. However, development of such a use on the Kimberly-Clark site would probably involve multiple users and would require the participation of a developer. Such a scenario would increase the challenges of developing such a use on a site whose major assets are rail and water transportation access.

## X. COMMUNITY-WIDE ECONOMIC BENEFITS

Development of the Kimberly-Clark site will provide new employment opportunities in Snohomish County, and will generate economic activity during construction and ongoing operations. To the extent that the new businesses would not be attracted to the local area or Snohomish County in the absence of the redevelopment, the site uses will create new money impacts for the area. The new money impacts take the form of gross receipts, jobs, personal income (wages), and tax revenues. The economic benefits of development of the project are presented in this report in terms of use concepts, methodology and assumptions, results, and conclusions

#### **DESCRIPTION OF USE CONCEPTS**

The alternatives considered in this analysis are conceptual schemes prepared by Makers Architecture and Urban Design to identify and evaluate public access and land use opportunities. Four alternatives were identified and described. These concepts do not match the Land Use Alternatives now proposed by the City, but each land use alternative is generally consistent with the economic concepts, as described on the following page. The characteristics of the four schemes are summarized in the following table:

#### Table X-1 Comparison of Four Concepts

	Concept 1 WD Industrial	Concept 2 Non-WD Industria	Concept 3 Industrial Mix	Concept 4 Ind. Research Mix
Site Allocation (acres)				
Waterdependent Industrial	52.0	-	21.0	11.0
Non-WD Industrial	-	48.0	20.5	13.0
Education/Research/Bus. Park	-	-	-	13.0
Vessel Services	-	-	-	4.0
Water-Related Commercial	3.7	1.7	1.7	1.7
Total	55.7	49.7	43.2	42.7

For purposes of this analysis, more specific uses are assigned to each concept.

Concept 1. Water-dependent Industrial. This concept could accommodate a range of uses from cargo handling to shipbuilding to fish processing and vessel services. The analysis assumes cargo handling for the entire site to take advantage of water access and extensive uplands. Employment densities for cargo handling range from one job per acre for auto import/export to five jobs per acre for breakbulk as described later in this section. The latter use and density is assumed for the site. This economic concept would most closely resemble Alternative 2 of the Land Use Alternatives proposed for the Draft Land Use plan (Water-dependent and Heavy Industrial).

Concept 2. Non-water-dependent Industrial. This concept could accommodate one or more uses that do not require water access for receipt of materials or shipment of product, but it would likely require rail. Manufacturing uses are assumed for the site with an employment density of 20 employees per acre. This economic concept would most closely resemble Alternative 3 of the Land Use Alternatives proposed for the Draft Land Use plan (Business Park and Public Access).

Concept 3. Industrial Mix. This concept would accommodate both water-dependent or non-water dependent uses. The most likely water-dependent use would be cargo handling as included in Concept 1, but it could also include one or more uses such as shipbuilding or seafood processing. The non-water-dependent use would be one or more manufacturing uses. This economic concept would most closely resemble Alternative 1 of the Land Use Alternatives proposed for the Draft Land Use plan (Existing Regulations).

Concept 4. Research Business Park and Industrial Mix. This concept would have two types of water-dependent use: vessel services including moorage and support for research vessels/harbor service vessels/small cruise vessels, as well as water-dependent industrial uses such as cargo handling, shipbuilding, or food processing. The non-water-dependent use would be one or more manufacturing uses. The research business park development could be any number of uses requiring an attractive campus style development. It could accommodate a public use such as an educational facility or program, a public or private green industrial tenant, or a private business park. For this analysis the impacts are based on private development with office park employment densities. This economic concept would most closely resemble either Alternative 4 or Alternative 3 of the Land Use Alternatives proposed for the Draft Land Use plan (Water-dependent and Non-water-dependent industrial mix).

In all economic concepts there is a water-related commercial component. This is assumed to be restaurants and small retail businesses. However, these uses would only be allowed in Land Use Alternatives 1, 3 and 4. Land Use Alternative 2 would not allow these non-industrial uses, except uses that serve other businesses in the immediate area and water-oriented commercial uses.

## METHODOLOGY AND ASSUMPTIONS

#### **OVERVIEW OF METHODOLOGY**

The economic benefits model is summarized briefly in Figure X-1 on the following page.

**Public and Private Investment** results in new business activities and households, attributable to both construction and ongoing operations.

**The Direct Impacts**\_take the form of new business receipts, assets, jobs, and personal income; which in turn create tax revenues for the City, State, and other jurisdictions.

**Indirect and Induced Impacts** are the additional spending created by purchases of goods and services by the developer, primary employers and residents as well as spending by the employees of the primary employers. This circulation of the new money through the economy is often referred as the multiplier effect. The indirect and induced business receipts, assets, jobs, and personal income also generate tax revenues for the City, State, and other local jurisdictions.



#### Figure X-1 Economic Impact Model

#### ASSUMPTIONS

#### **EMPLOYMENT DENSITIES**

Average employment densities vary by type of use as shown below.

# Table X-2.Employment Densities by Use

Employees /

	acre
Cargo Handling	
Container	2.5
Auto Import/Export	1.0
Breakbulk	5.0
Other Water-dependent	
Shipyard	20.0
Seafood Processing	30.0
Green Industries	
Energy	1.0 to 20.00
Environmental Consulting	40.0
R&D Physical Engineering	
Life Science	40.0
Other Manufacturing	
Aerospace	20.0
Computer and Electronics	20.0
Misc. Mfg.	20.0
Existing Use	12.6

The employment densities were derived from the average for Port of Seattle container terminals; Portland, Grays Harbor, and Tacoma auto facilities; and Alaska Marine Lines barge service in Seattle. The other water dependent uses have higher employment densities. The employment densities are based on the experience of Vigor in Seattle and Foss Shipyards in Seattle, and the Trident seafood plant in Anacortes. Employment densities are assumed for prototypical industrial and business park facilities. (Industrial Development: .30 floor area ratio with 600 square feet per employee. Business Park Development: .25 floor area ratio with 250 square feet per employee.) The other manufacturing sectors have typical employment densities of 11-12 per acre, while Korry Electronics has a density of 43 employees per acre. The figure shown for Aerospace of 20 employees per acre is comparable to the Boeing Charleston plant, but ATS at Paine Field is 13. For purposes of comparison, Kimberly Clark employed 700 workers, equivalent to 12.6 employees per acre.

Employment densities for each concept are assumed at levels typical for the uses described above.

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W-D Indust.	Non-W-D Ind.	Res. Ed. Bus.	Vessel Svcs.	Comm.
Cargo	Manufacturing	Prof Tech Scien	Water Transp.	Retail/Rest.
5.0	20.0	40.0	5.0	20.0

The direct employment impacts could be greater than simply the jobs on site. The Port of Everett 2008 Economic Impact Study identifies 12,121 direct jobs created by cargo activity at the port. Of those, 11,000 are associated with shippers/consignees, the businesses who are dependent on the Port for their shipments and receipts. Primarily these are Boeing jobs dependent on the ability to handle oversize containers to be used on the 777 production line. To the extent that future increases in employment at Boeing or other consignees/shippers are related to additional cargo handling capability on the Kimberly-Clark site, the direct jobs associated with cargo handling could be greater. No such increases are assumed in this analysis.

#### **GROSS RECEIPTS**

Gross receipts are estimated using gross receipts per employee factors derived from statewide data on gross income for State Department of Revenue and average annual employment from State Department of Employment Securities.

Construction	W-D Indust.	Non-W-D Ind.	Res. Ed. Bus.	Vessel Svcs.	Comm.
Construction	Cargo	Manufacturing	Prof Tech Scien	Water Transp.	Retail/Rest.
\$260,954	\$124,542	\$364,614	\$260,229	\$124,542	\$150,000

The gross receipts are highest for manufacturing, followed by professional / technical / scientific, retail / restaurant and water transportation. Construction gross receipts are also shown.

#### EARNINGS

Earnings are estimated as the state-wide average wage or salary data for selected industrial sectors reported by State Department of Employment Securities.

#### Table X-3. Average Wages by Use

Cargo Handling	
Container	\$77,620
Auto Import/Export	77,620
Breakbulk	77,620
Other Water-dependent	
Shipyard	60,214
Seafood Processing	52,571
Green Industries	
Electric Power Generation	90,499
Environmental Consulting	68,610
R&D Physical Engineering	
Life Science	93,366
Other Manufacturing	
Aerospace	96,015
Computer and Electronics	83,433
Misc. Mfg.	42,703
Existing Use	76,554

An average wage for foreign and domestic freight service was assumed for all three cargo handling modes. The average wage for Shipyards is for Shipbuilding and Repair. This average wage is higher than the average of \$45,477 for Boat Building. The Green Industry wages are among the highest shown in the table for the energy and R&D uses. By way of comparison, the average wage for paper mills in Washington State in 2010 was \$76,554.

Wage rates for each concept are assumed at levels typical for the uses shown above.

Construction	W-D Indust.	Non-W-D Ind.	Res. Ed. Bus.	Vessel Svcs.	Comm.
Construction	Cargo	Manufacturing	Prof Tech Scien	Water Transp.	Retail/Rest.
\$51,127	\$70,104	\$49,006	\$75,376	\$70,104	\$18,955

The average wages are highest for professional / technical / scientific, followed by water transportation, manufacturing and retail/restaurant. Construction wages are also shown.

#### LAND AND DEVELOPMENT COST ASSUMPTIONS

The construction cost estimates are based on per acre development value for recent breakbulk and export facilities in Gray's harbor and Vancouver, and per square foot for building types based on typical values for such uses. The land price is assumed at a premium over typical industrial land prices in Snohomish County of \$5 to \$8 per square foot, reflecting the site's water and rail access.

	W-D Indust.	Non-W-D Ind.	Res. Ed. Bus.	Vessel Svcs.	Comm.
	Cargo	Manufacturing	Prof Tech Scien	Water Transp.	Retail/Rest.
Land (/ Sq. Ft.)	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Contingencies Taxes and Fees (% of Cons	30%	30%	30%	30%	30%
Construction (\$/Sq. Ft. or acre)	\$500,000.00	\$100.00	\$120.00	\$500,000.00	\$100.00

#### **MULTIPLIERS**

Indirect and induced impacts are estimated by simulating how spending works its way throughout the various sectors of the economy. Input-output models with detailed descriptions of the interrelationships can provide estimates of impacts in all sectors. The models can also be used to derive multipliers which summarize the ratio of total impacts (direct, indirect and induced impacts) to direct impact in specific sectors. The Regional Input-Output Modeling System (RIMS II) from the United States Bureau of Economic Analysis, reports multipliers at County levels for 60 sector and 475 sector (more detailed) levels. The reported multipliers for output (gross receipts), earnings (personal income) and jobs for Snohomish County are shown in Table X-4.

#### Table X-4. Economic Multipliers RIMS II Snohomish County

	Construction	W-D Indust.	Non-W-D Ind.	Res. Ed. Bus.	Vessel Svcs.	Comm.
	Construction	Cargo	Manufacturing	Prof Tech Scien	Water Transp.	Retail/Rest.
Gross Receipts Multiplier	1.8118	1.6944	1.5304	1.6651	1.6944	1.5899
Employment Multiplier	1.6124	3.6417	1.5778	1.4818	3.6417	1.4190
Earnings Multiplier	1.8026	5.5828	1.7221	1.7707	5.5828	1.3082

As noted, those multipliers apply at the County level. Multipliers become smaller at smaller levels of geography because of the increased leakage of economic activity beyond jurisdiction boundaries. Conversely, the multipliers for State-level impacts are higher.

#### **TAX REVENUE FACTORS**

Tax Base increases are estimated using a series of factors, as summarized below.

	<b>W-D Indust.</b> Cargo	Non-W-D Ind. Manufacturing	<b>Res. Ed. Bus.</b> Prof Tech Scien	<b>Vessel Svcs.</b> Water Transp.	<b>Comm.</b> Retail/Rest.
Assessed Valuation (/Sq. Ft. or/ Acre)	\$525,000	\$80	\$120	\$525,000	\$126.00
Taxable Sales-Ongoing (% of Gross)	4.0%	1.8%	5.2%	4.0%	95.0%
Utility Rates					
Phone/Power/Gas (/sq. ft.)	\$2	\$2	\$2	\$2	\$2.00
Water (\$/empl./2 mos.)	\$15	\$15	\$15	\$15	\$15.32
Construction Value Taxable (% of Value)	75%	75%	75%	75%	75%

• Assessed Valuation: Based on per acre development value for recent breakbulk and export facilities in Gray's harbor and Vancouver, and per square foot for typical building types based on values for such uses on the current Assessor tax rolls.

- Gross Receipts: Based on output projections.
- Taxable Sales: Based on construction taxable sales, and adjusted gross receipts for ongoing economic activity. Adjustment uses average taxable sales factors from statewide data.
- Property Sales: Assuming initial sale of property as industrial land.
- Tax Rates: Tax rates are assumed at current levels as shown in Table X-5. Note that the jurisdictions shown are the ones that will receive tax revenues as a result of the development.

Property Tax (\$/1000)	
City	\$3.455222
County	0.982332
Port	0.345191
School District	6.168337
State	2.378822
Total	\$13.329904
Retail Sales Tax	
City	0.84%
County (incl.Justice & M	0.35%
Local Transit	0.60%
RTA	0.90%
State	6.51%
Total	9.20%
<b>Business and Occupation</b>	n
City	0.100%
State	0.484%
Utilities	
Phone/Power/Gas/	4.5%
Garbage	0.0%
Water/Sewer (PILOT)	6.0%
Real Estate Excise	
City	0.50%
State	1.28%

#### Table X-5. Current Tax Rates

#### **SUMMARY OF RESULTS**

The economic benefits are estimated for each use type for one-time (construction and initial sales) and ongoing annual activities. The one time benefits are cumulative benefits over the development and sales period. One time and recurring benefits are expressed in constant 2012 dollars. Construction jobs reflect annual full time equivalents.

The benefits are summarized in Table X-6, and shown graphically in Figures X-2 through X-10.

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# Table X-6. Kimberly-Clark Site RedevelopmentSummary of Community-wide Benefits

	Concept 1	Concept 2	Concept 3	Concept 4
	WD Industrial	Non-WD Industrial	Industrial Mix	Ind. Research Mix
Summary of Benefits				
User Type				
Building Sq. Ft.	263,512	644,264	376,370	393,794
Site Area				
Waterdependent Industrial	52.0	-	21.0	11.0
Non-WD Industrial	-	48.0	20.5	13.0
Education/Research/Business Park	-	-	-	13.0
Vessel Services	-	-	-	4.0
Water-Related Commercial	3.7	1.7	1.7	1.7
Total	55.7	49.7	43.2	42.7
Total Project Cost	\$62,872,920	\$105,403,640	\$69,504,140	\$74,729,960
Direct Benefits-Ongoing				
Gross Receipts	\$43,480,920	\$355,129,440	\$167,668,650	\$244,559,370
Employees	334	994	549	889
Earnings	\$19,629,710	\$47,690,230	\$28,097,850	\$57,839,350
Direct Indirect and Induced-Ongoing				
Gross Receipts	\$72,514,121	\$543,793,545	\$259,048,165	\$394,336,457
Employees	1,052	1,563	861	1,389
Earnings	\$103,592,892	\$81,860,599	\$48,120,561	\$106,656,311
Direct Benefits-Construction				
Gross Receipts	\$29,700,000	\$64,426,400	\$38,989,400	\$43,176,800
Employees	114	247	149	165
Earnings	\$5,818,926	\$12,622,641	\$7,638,937	\$8,459,346
Direct Indirect and Induced-Constructi	on			
Gross Receipts	\$53,810,460	\$116,727,752	\$70.640.995	\$78,227,726
Employees	184	398	241	267
Earnings	\$10,489,195	\$22,753,572	\$13,769,947	\$15,248,818
Increased Tax Base				
Assessed Valuation	\$31,962,000	\$52,323,120	\$34,598,520	\$40,596,120
Gross Receipts	\$43,480,920	\$355,129,440	\$167,668,650	\$244,559,370
Taxable Sales-Construction	\$22,275,000	\$48,319,800	\$29,242,050	\$32,382,600
Taxable Sales-Ongoing	\$11,840,237	\$11,145,530	\$8,058,928	\$13,961,612
Utilities Charges	\$0	\$0	\$0	\$0
Phone/Power/Gas	\$527,024	\$1,288,528	\$752,740	\$787,588
Water	\$30,701	\$91,368	\$50,464	\$32,080
Property Sales	\$24,262,920	\$21,649,320	\$18,817,920	\$18,600,120
Direct Tax Revenues-Annual Ongoing				
City	\$278,933	\$693,006	\$391,810	\$539,472
County (incl. EMS, ferries and flood)	72,838	90,408	62,193	88,745
Transit	71,041	66,873	48,354	83,770
Port	11,033	18,061	11,943	14,013
School district	197,152	322,747	213,415	250,411
RTA	106,562	100,310	72,530	125,655
State	1,057,279	2,568,868	1,418,456	2,189,139
Total	\$1,794,839	\$3,860,273	\$2,218,702	\$3,291,204
Direct Tax Revenues-One Time				
City	\$635,125	\$1,222,823	\$768,606	\$839,959
County (incl. Criminal Justice and Mental Health	77,963	169,119	102,347	113,339
Local Transit	133,650	289,919	175,452	194,296
RTA	200,475	434,878	263,178	291,443
State	1,904,416	3,734,554	2,333,236	2,555,165
Total	\$2,951,628	\$5,851,294	\$3,642,820	\$3,994,202

#### **ONGOING JOBS**

The comparison of jobs by concept is shown graphically in Figure X-2. The Waterdependent use concept has the lowest number of direct jobs, a result of the lower assumed employment density. The Non-Water-dependent use concept has the highest number of direct jobs, with the two mixed alternatives having results somewhere in between. The comparison is somewhat different for the direct indirect and induced jobs, with Water dependent use concept showing relatively more jobs of this type because of its relatively high jobs multiplier. This multiplier is high because of the number of indirect jobs related to goods and services purchased by the businesses on site.

#### Figure X-2 Comparison of Jobs by Concept Ongoing



**Ongoing Jobs** 

#### **CONSTRUCTION JOBS**

The comparison of jobs by concept is shown graphically in Figure X-3. The number of construction jobs is related to the value of construction on the site. The Water-dependent use concept has more open storage and handling areas and fewer structures than the other concepts. It should be noted that the indirect and induced jobs are represented in a range of business sectors, not just the construction industry.

#### Figure X-3 Comparison of Jobs by Concept Construction



**Comparison of Construction Jobs by Concept** 

#### **GROSS RECEIPTS-ONGOING**

The comparison of ongoing annual gross receipts by concept is shown graphically in Figure X-4. The gross receipts are a function of direct jobs and gross receipts per job. The Water-dependent use is a service and doesn't provide a high valued end product. The water-dependent concept and the non-water-dependent industrial use represent the ends of the range with the mixed concepts falling in between.

#### Figure X-4 Comparison of Gross Receipts by Concept Ongoing



**On-going Annual Gross Receipts by Concept** 

#### **GROSS RECEIPTS CONSTRUCTION**

The comparison of construction gross receipts by concept is shown graphically in Figure X-5. The amount of gross receipts is related to the value of construction on the site. The Water-dependent use concept has more open storage and handling areas and fewer structures than the other concepts. It should be noted that the indirect and induced receipts are represented in a range of business sectors, not just the construction industry.

#### Figure X-5 Comparison of Gross Receipts by Concept Construction



**Comparison of Gross Receipts-Construction** 

#### EARNINGS ONGOING ANNUAL

The comparison of ongoing annual earnings by concept is shown graphically in Figure X-6. The earnings are a function of direct jobs and average wage per job. The Waterdependent use has a relatively high wage, but a lower employment density. The waterdependent concept and the non-water-dependent industrial use represent the ends of the range with the mixed concepts falling in between. The direct, indirect, and induced earnings are relatively high for the water-dependent concept because of the high multiplier.

**Figure X-6** 

#### **Comparison of Earnings by Concept** Ongoing **On-going Annual Earnings** \$120,000,000 \$100,000,000 \$80,000,000 Direct Earnings-Ongoing Annual \$60,000,000 Direct Indirect & Induced Earnings-Ongoing Annual \$40,000,000 \$20,000,000 \$0 1. WD Industrial 2. Non-WD Ind. 3. Industrial Mix 4. Ind. Research

#### **EARNINGS CONSTRUCTION**

The comparison of ongoing construction earnings by concept is shown graphically in Figure X-7. The earnings are directly related to the number of construction workers, which in turn is related to the value of construction on site. The water-dependent concept and the non-water-dependent industrial use represent the ends of the range with the mixed concepts falling in between.

#### Figure X-7 Comparison of Earnings by Concept Construction



#### **Construction Activity Earnings by Concept**

#### DIRECT TAX REVENUES ONGOING ANNUAL

The comparison of ongoing construction earnings by concept is shown graphically in Figure X-8. In every concept, the city receives less than a quarter of the total tax revenues with the largest share going to the State. Revenues are a combination of property taxes related to development value, retail sales tax related to taxable sales activity (mostly from retail), utility charges related to building and employee density, and business and occupations tax related to gross receipts. The property tax and business and occupations tax related to gross receipts. The property tax and business and occupations taxes are most significant, and drive the result that the higher valued concepts and those with higher gross receipts have the greatest impacts. The water-dependent concept and the non-water-dependent industrial use represent the ends of the range with the mixed concepts falling in between.

#### Figure X-8 Comparison of Direct Tax Revenues by Concept Ongoing



#### Direct Tax Revenues by Concept-Ongoing Annual

The Port of Everett has indicated it is considering purchase of the former KC mill site. If the site were to be acquired by the Port of Everett or any other governmental entity, the property would be removed from the tax rolls. However, any private businesses leasing land or facilities from the Port would pay 12.84% leasehold excise tax (4% of which goes to the city) on the contract rent in lieu of property taxes. For a facility valued at \$1.0 million and leased for \$80,000 per year, the foregone property tax to the City would be \$3,450, while the leasehold excise tax to the City would be \$3,200.

KIMBERLY-CLARK EVERETT SITE	<b>EVALUATION OF VIABLE USE</b>

#### **DIRECT TAX REVENUES CONSTRUCTION**

The comparison of construction gross receipts by concept is shown graphically in Figure X-9. In every concept, the city receives less than a quarter of the total tax revenues with the largest share going to the State. The revenues include one-time taxes on construction, and one time taxes from original property sale. While the latter amount is constant across concepts, the former is directly related to construction value. The water-dependent concept and the non-water-dependent industrial use represent the ends of the range with the mixed concepts falling in between.

#### Figure X-9 Comparison of Tax Revenues by Concept Construction



**Direct Tax Revenue by Concept-Construction** 

## XI. ECONOMIC BENEFITS FOR DOWNTOWN EVERETT

The City of Everett adopted the Everett downtown Plan in July 2006. The plan's primary purpose is to transform the core Downtown area into a more vibrant and diverse metropolitan center for the City. The plan promotes three major areas of Downtown life:

- Regional attractions
- Livable neighborhoods
- Enhanced mixed use retail and business activity.

Located immediately west of Downtown Everett, Kimberly-Clark site will generate economic activity that should contribute to those goals. There are three general categories of potential benefit:

Spending by direct employees.

Purchases of goods and services by the on-site businesses.

Increased development as a result of enhanced desirability of Downtown.

Each category of benefit is described in the remainder of this section.

#### **SPENDING BY DIRECT EMPLOYEES**

The employees on site will patronize local business during, before and after the work day. The amount of this potential spending is related to the number of employees and likely spending factors. Table XI-1 summarizes these estimates for the four redevelopment concepts.

	Concept 1	Concept 2	Concept 3	Concept 4
	WD Industrial	Non-WD Industrial	Industrial Mix	Ind. Research Mix
Direct Jobs	334	994	549	889
Average Direct Wage	\$58,772	\$47,978	\$51,180	\$65,061
Spending Factors (\$/wk.)				
Retail	\$37.40	\$37.40	\$37.40	\$37.40
Food	53.01	47.21	47.21	53.01
Services	22.73	19.76	19.76	22.73
Total	\$113.14	\$104.37	\$104.37	\$113.14
Annual Spending				
Retail	\$624,509	\$1,858,569	\$1,026,513	\$1,662,241
Food	885,234	2,346,349	1,295,921	2,356,206
Services	379,654	982,115	542,436	1,010,515
Total	\$1,889,396	\$5,187,034	\$2,864,871	\$5,028,962

#### Table XI-1 Estimated Employee Spending

KIMBERLY-CLARK EVERETT SITE

**EVALUATION OF VIABLE USES** 

The spending factors were derived from a survey of workers conducted by Property Counselors in Port Orchard Washington. The results were confirmed by a similar survey in Norfolk Virginia. The results of those surveys were adjusted for inflation and wage levels. The Consumer Expenditure Survey conducted annually by the Bureau of Labor Statistics provides estimates of household spending by type and income level. This data provides factors for adjusting estimated spending upward for employee categories with higher wages. As shown, the Non-water-dependent and Industrial Research Mix concepts offer the highest potential employee spending. This result is largely related to the estimated number of jobs.

## PURCHASES OF GOODS AND SERVICES BY THE BUSINESSES

The purchase of goods and services by the businesses on the site represents the indirect impact portion of the multiplier effect described in the previous section. These purchases include suppliers of parts and equipment, business services, maintenance and repair services, communications and utilities, office equipment and fuel. The business services, communications and utilities are likely to be captured in a commercial center like Downtown. The multipliers applied in the previous section grouped indirect and induced effects, and are not broken down further by sector. For purposes of this analysis, it is assumed that 20% of the indirect and induced effects are related to the indirect portion, and that 50% of that effect is in sectors that would likely locate Downtown. Given those rough estimating factors, the estimated purchases within Downtown would support the following approximate number of jobs.

-	Concept 1 WD Industrial	Concept 2 Non-WD Industrial	Concept 3 Industrial Mix	Concept 4 Ind. Research Mix
Indirct and Induced Jobs	718	569	312	500
Downtown Indirect	72	57	31	50

The Water-dependent industrial concept has the greatest number of potential Downtown employees supported by business purchases, based on its high multiplier effect.

## INCREASED DEVELOPMENT AS A RESULT OF ENHANCED DESIRABILITY OF DOWNTOWN.

The Everett Downtown Plan identifies potential development over a twenty year period to be:

Residential Units	1,900
Retail Square Footage	375,000
Office Square Footage:	800,000

Achievement of these levels of growth will require an increased perception that the Downtown is an attractive place to live, work, and recreate. This will require a set of public services and facilities, as well as private commercial goods and services to meet the needs of the Downtown constituents. The increased spending by businesses and workers on the site will contribute to the support for expanded commercial services. Equally, if not more important are the amenities that are available Downtown. In particular, waterfront access within walking distance of Downtown will be a strong marketing feature for Downtown residential. Further, any use within the viewshed of downtown buildings that provides an attractive outlook, will contribute to the desirability of Downtown. The features of such an outlook might include natural areas, attractive buildings, or even site activities that provide visual interest. While these impacts aren't quantifiable, or even tangible in every respect, it's likely that those concepts that provide an amenity, such as convenient public access from downtown, will have a greater positive impact on overall Downtown development.

# **XII.** CONCLUSIONS

- 1. The most notable attributes of the site are its size and its deep water and rail access. These attributes make it most suitable for an industrial use that ships or receives freight by either water or rail. The location with water views and access, adjacent to Downtown Everett make it desirable for various non-industrial uses as well.
- 2. The viability of various potential uses of the property is related to the match of site attributes with user requirements, the long-term outlook for the use sector and the interest on the part of potential purchasers in response to the ongoing marketing of the property. These factors are summarized in the following table.

	Outlook	Market Interest
Water-Dependent		
Cargo Handling	Strong	Strong
Shipbuilding	Strong	Moderate
Seafood Processing	Strong	Moderate
Non-Water-Dependent		
Energy/Environmental	Strong	Moderate
Water-intensive	Moderate	Low
Aerospace	Strong	Low
Other Manufacturing	Moderate	Low
Research/Education	Moderate	Low
Business Park	Moderate	Low
Commercial	Moderate	Low

The most viable uses are the water-dependent uses and energy-related (including water-dependent co-gen facility). All of the interest expressed to date is by users rather than developers.

3. The cargo handling uses generally have lower employment densities than manufacturing uses or business park uses.

Water-Dependent		
Cargo Handling	1.0 to 5.0 jobs per acre	
Shipbuilding	20.0 jobs per acre	
Seafood Processing	30.0 jobs per acre	
Non-Water-Dependent		
Energy/Environmental*	20.0 to 40.0 jobs per acre	
Other Manufacturing	20.0 to 30.0 jobs per acre	
Business Park	40.0 jobs per acre	
Commercial	20.0 jobs per acre	

 $\ast$  Power generating facility would have density of 1.0 to 5.0 employees per acre.

4. All of the sectors considered with the exception of retail jobs in the commercial sector have high average wages.

Water-Dependent		
Cargo Handling	\$77,600	
Shipbuilding	\$60,200	
Seafood Processing	\$50,200	
Non-Water-Dependent		
Energy/Environmental	\$68,600 to \$93,400	
Other Manufacturing	\$42,700 to \$96,000	
Business Park	\$42,700 to \$96,000	
Commercial	\$19,000	

- 5. A research or education facility would be a strong anchor for an institutional or business park setting. Such users may require public funding, and no existing institutions are candidates at this time.
- 6. Four conceptual economic scenarios were developed to provide an illustration of how future land uses could be combined on the site and access provided for vehicles and possibly the public. While the land use alternatives have been refined, the four conceptual economic scenarios provide a continuing basis for evaluating economic benefits of the land use alternatives. The four concepts include:
  - Water-dependent industrial use for entire site
  - Non-water-dependent use on entire site.
  - Mix of water-dependent and non-water-dependent industrial uses on site.
  - Mix of water-dependent and non-water-dependent industrial uses as well as possible research/education/business park use.
  - 7. All of the candidate uses and site concepts would create economic benefits in the form of business gross receipts, jobs, wages and salaries, and local tax revenues. Impacts would accrue on a one-time basis during construction, as well as an ongoing annual basis with business activity. In addition to the direct impacts on the site itself, there would be indirect and induced impacts throughout the economy as local purchases and household spending work their way through the economy. The economic benefits do vary by concept.
    - The Water-dependent use concept has the lowest number of **direct jobs**, a result of the lower assumed employment density. The Non-Water-dependent use concept has the highest number of direct jobs, with the two mixed alternatives having results somewhere in between.
    - The comparison is somewhat different for the **direct indirect and induced jobs**, with the Water-dependent use concept showing relatively more jobs of this type because of its relatively high jobs multiplier.
    - The number of **construction jobs** is related to the value of construction on the site. The Water-dependent use concept has more open storage and handling areas and fewer structures than the other concepts, and therefore fewer construction jobs.
    - Annual gross receipts are a function of direct jobs and gross receipts per job. The Water-dependent use is a service and doesn't provide a high valued end product. The Water-dependent concept and the non-water-dependent industrial use represent the low and high ends of the range, respectively, with the mixed concepts falling in between.

- The amount of **gross receipts from construction** is related to the value of construction on the site. The Water-dependent use concept has more open storage and handling areas and fewer structures than the other concepts, and, therefore, lower gross receipts from construction.
- The **annual earnings** are a function of direct jobs and average wage per job. The Water-dependent use has a relatively high wage, but a lower employment density. The Water-dependent concept and the non-water-dependent industrial use represent the low and high ends of the range, respectively, with the mixed concepts falling in between.
- The **earnings during construction** are directly related to the number of construction workers, which in turn is related to the value of construction on site. The water-dependent concept and the non-water-dependent industrial use represent the low and high ends of the range, respectively, with the mixed concepts falling in between.
- In every concept, the city receives less than a quarter of the total **ongoing tax revenues** with the largest share going to the State. Property tax and business and occupations taxes are most significant, and drive the result that the higher valued concepts and those with higher gross receipts have the greatest impacts. The water-dependent concept and the non-water-dependent industrial use represent the low and high ends of the range, respectively, with the mixed concepts falling in between.
- The **Port of Everett** has indicated it is considering purchase of the former KC mill site. If the site were to be acquired by the Port of Everett or any other governmental entity, the property would be removed from the tax rolls. However, any private businesses leasing land or facilities from the Port would pay leasehold excise tax in lieu of property taxes.
- The **tax revenues from construction** include one-time taxes on construction, and one time taxes from original property sale. While the latter amount is constant across concepts, the former is directly related to construction value. The water-dependent concept and the non-water-dependent industrial use represent the low and high ends of the range, respectively, with the mixed concepts falling in between.

Generally, the non-water-dependent use concept has the highest beneficial economic impact across measures, with the water-dependent use the lowest beneficial impact. The mixed concepts fall between the two.

8. The Downtown would realize three specific economic benefits: spending by on-site workers, purchases by on-site businesses, and contributions to increased attractiveness of Downtown. The Non-Water-Dependent and Industrial Research Mix concepts offer the highest potential employee spending. This result is largely related to the estimated number of jobs. The Water-dependent Industrial concept has

the greatest number of potential Downtown employees supported by business purchases, based on its high multiplier effect. Any use within the viewshed of downtown buildings that provides an attractive outlook, will contribute to the desirability of Downtown. Those concepts that provide an amenity, such as convenient public access from downtown, will have a greater positive impact on overall Downtown development.

9. Overall, there is a trade-off between viability in terms of current demand and potential economic benefit. The Water-Dependent uses and use concept are the most viable in terms of current demand, but Non-Water-Dependent uses may offer greater potential economic benefit if such uses can be identified and attracted to the site.