

Port of Seattle

# 2024 Preliminary Budget





# 2024 Budget

Prepared by the  
Finance and Budget  
Departments

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**January 01, 2023**

*Christopher P. Morill*

**Executive Director**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Port of Seattle, Washington, for its Annual Budget for the fiscal year beginning January 1, 2023.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

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## BUDGET DOCUMENT OVERVIEW

This document contains the operating, capital and statutory budgets, Long Range Plan, and draft plan of finance for the Port of Seattle and is organized as follows:

- **Section I**, Executive Summary, provides key business outlook, key budget drivers, budget highlights, and budget summary.
- **Section II**, Port View, contains the Port’s history, facilities and services, long range plans, commissioners and officers, and organizational chart.
- **Section III**, Budget Overview, presents the five-year financial forecast and outlines the Port’s operating and non-operating budget, capital budget, and tax levy.
- **Sections IV through VI** feature the Operating Division summaries for Aviation, Maritime, and Economic Development, respectively. Each Division section present a discussion of the budget and five-year financial forecast for each business group as well as operating budget, staffing, and capital budget. The operating budget is presented by business groups/departments and by major revenue and expense accounts.
- **Section VII**, Central Services, presents descriptions of each department as well as summaries of operating budgets, staffing, and capital budgets.
- **Section VIII**, Tax Levy, provides a detailed presentation and discussion of tax levy sources and uses including interaction between general purpose levy and general obligation debt capacity.
- **Section IX**, Capital Improvement Plan (CIP), provides detailed discussion and a summary page presenting the total CIP by business group and by division. A listing of the projects by business group and division is provided at the end of the section.
- **Section X**, Draft Plan of Finance, includes an overview of the funded CIP, a discussion of the airport and non-airport funding plan, financing initiatives and capital planning resources.
- **Section XI**, Statutory Budget, which is submitted to King County Council and King County Assessor, provides an introduction, budget highlights and resolution, and tax levy calculation.
- **Section XII**, NWSA, contains overview, budget message, business outlook, budget details, capital investment plan and environmental stewardship and planning for the Northwest Seaport Alliance (NWSA).
- **Section XIII**, Appendices, includes detailed information regarding the budget and financial policies, business assessment, bond amortization schedules, other detailed expenditures, a glossary of terms, and acronyms used.

# I. EXECUTIVE SUMMARY

**PORT OF SEATTLE**  
**MEMORANDUM**

**DATE:** October 18, 2023  
**TO:** Port of Seattle Commission  
**FROM:** Stephen P. Metruck, Executive Director  
**SUBJECT:** 2024 Budget Message

We proudly introduce the Port’s 2024 budget and 2024-2028 capital improvement plan during a critical moment for our region.

In an era defined by economic paradox and geopolitical uncertainty, the Port’s essential services, highly diversified businesses, and major capital investments provide a powerful economic driver for the region and state to prosper in a sustainable and equitable way. Especially within the context of global and local challenges, it is more important than ever that we make investments to build a port of the future.

Strong demand for travel and trade demonstrates the enduring need for the Port’s services. Seattle-Tacoma International Airport (SEA) handled record-breaking levels of travel this summer, marking new milestones for the most daily passengers in the airport’s history and the most arriving international passengers. The Port’s cruise terminals served the highest number of passengers ever for the second year in a row. Maritime industrial occupancies remain at all-time highs and maritime industries returned higher revenue.

Forecasts indicate that 2024 should be the strongest year ever in the history of airport and cruise passenger volumes. Despite this favorable outlook for the Port, economic factors outside our control – especially persistent inflation and global conflict – pose risks to our progress.

In response, the Port is taking a strategic approach. We invest boldly where we can make the greatest impact today, while ensuring that we have the financial resources for our longer-term needs. We continue our global leading efforts on sustainability and equity in a way that supports the community and the environment, while making our business lines more competitive and resilient. And we support our workforce – both Port employees and those of our tenants, vendors and business partners – to ensure the recruitment and retention of the people we need to operate our gateways successfully.

Our strategy starts with an ambitious set of capital improvement projects to make our operations more efficient and effective in a time of rising demand. We propose the largest five-year capital plan in our history, intending to spend \$5.6 billion across our aviation, maritime, and economic development facilities, and invest \$210.4 million with the Northwest Seaport Alliance (NWSA), to ensure that our gateways meet the operational and sustainability demands for today and into the future.

The airport’s five-year, \$5.0 billion capital improvement program is intended to help us reach SEA’s “5 Star” airport goal. Featured projects include the C Concourse Expansion, SEA Gateway and ticketing area improvements, baggage optimization program, improving the airport drives, and modernizing the S Concourse. We are working to complete as many projects as possible before the world arrives in the Pacific Northwest in 2026 for the FIFA World Cup.

Maritime and Economic Development projects worth \$579.0 million over the next five years improve safety and sustainability, support the growth of good-paying maritime industrial jobs, and anchor our region as a maritime leader. Featured projects that will break ground or open next year include the landmark Maritime Innovation Center at Fishermen’s Terminal, uplands development and vessel berth replacements at Terminal 91, completion of a new bike and pedestrian path north of Terminal 91, and the new state-of-the-art multi-story warehouse at Terminal 106. After installing shore power at Pier 66 in 2024, the Port will reach a new level of global leadership, becoming one of just a handful of homeports in the world with electrical power for cruise vessels at three berths.

The Port’s container terminals and operations through the Northwest Seaport Alliance are a vital platform for jobs and economic activity, and support industries across the state. In 2024, the NWSA will open the second berth at Seattle’s Terminal 5, one of the premier international shipping terminals on the west coast.

Once again, sustainability programs at the airport and seaport drive some of the largest operating cost increases. The Port continues pursuing its ambitious agenda to phase out emissions by 2040 through electrification of its fleet and facilities, making progress on our cruise-led Pacific Northwest to Alaska Green Corridor, exploring alternative maritime and aviation fuels, building new habitat and implementing a new Land Stewardship Policy, and cleaning up legacy pollution.

Our growing community investments advance an equitable economy and support environmental justice. Featured initiatives include the South King County Community Impact Fund; Diversity in Contracting programs; Youth Maritime Career Launch; and tourism marketing support for Washington state’s smaller destinations.

Achieving the Port’s vision requires a well-trained and highly motivated staff. The 2024 budget ensures that we remain a competitive and equitable employer to attract and retain the best talent. With inflation and the rising cost of health insurance, the Port proposes deeper investments in its workforce in 2024 than we have in years past.

As always, the budget is an expression of our values and our mission to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce and job creation in an equitable, accountable and environmentally responsible manner.

Despite the historic scale of this budget, we see much larger capital and environmental needs on the horizon. This budget prepares for that future with its strategic, measured approach.

Buoyed by the momentum of 2023 and guided by our Commission’s vision and Century Agenda goals, we feel optimistic about our ability to serve the region and build a port of the future.

## **PORT BUSINESS OUTLOOK**

- The Airport expects 2024 enplaned passenger volumes to be 3.5 percent higher than the 2023 forecast and 2.1 percent higher than the 2019 level.
- Cruise forecasts a 100 percent occupancy rate and a sailing schedule based on tentative berth reservations.
- Grain volume is budgeted at 3.7 million metric tons based on forecast from tenant, a 14 percent decrease from the 2023 budget.
- Recreational Marinas budgeted occupancy rate remains steady from previous years at Shilshole Bay Marina.
- Commercial properties target an occupancy of 90 percent or greater at year-end 2024, consistent with current results.

Below is a summary of the key financial results in the 2024 budget:

- Total operating revenues are budgeted at \$1,030.7 million, \$77.0 million or 8.1 percent above the 2023 budget.
- Total operating expenses are budgeted at \$623.5 million, \$50.1 million or 8.7 percent above the 2023 budget.
- Net operating income before depreciation is budgeted at \$407.2 million; \$27.0 million or 7.1 percent above the 2023 budget.
- The 2024 capital budget is \$842.7 million, and the five-year capital improvement plan is \$5.6 billion. The capital budget does not include \$72.3 million of the Port's share of NWSA capital spending in 2024 nor \$210.4 million planned over 2024-2028.

## **2024 KEY INITIATIVES AND BUDGET DRIVERS**

- Increase access to Port-related career pathways through initiatives including the Maritime High School, Youth Career Launch Program, Airport Career Pathways, Construction Trades Pre-Apprenticeship Training, and internships.
- Continue investments in the South King Community Impact Fund (SKCIF).
- Continue investments in the Duwamish Valley Community Equity Program (DVCEP).
- Continue partnership with the Seattle Aquarium on the development of a permanent exhibit of Port-related environmental initiatives in the New Ocean Pavilion.
- Continue to advance environmental sustainability of the Port and the region.
- Execute a new Signatory Lease and Operating Agreement (SLOA) agreement with the airlines operating at SEA.
- Continue the airline realignment project to optimize the use of FIS-accessible gates on Concourse A.
- Continue advancing the Part 150 noise study update.
- Continue progress with the accelerated noise program at SEA.
- Initiate a Child Care/Early Learning Feasibility Study to support airport workers and employees.
- Expand shore power usage by installing a third Cruise connection at Pier 66 and cable positioning devices at Pier 91.
- Complete Phase 1 of the Pacific Northwest to Alaska Green Corridor Feasibility study.
- Advance local economic development through partnership grants available for cities in King County.
- Support tourism recovery initiatives with Washington State's Tourism Department, Visit Seattle, and industry partners.
- Complete a disparity study to gauge the impact from Diversity in Contracting policies and programs.

The budget summary and highlights are provided in the next few pages as well as the budget details in various sections of the document.

## **AVIATION DIVISION**

SEA serves as an important gateway for the region. To meet the growing demand for air travel, the airport is adding resources to address growing operating needs and customer service improvements. Major capital investments are also focused on meeting the expected needs for the coming years and work continues on environmental review and preliminary planning for the Sustainable Airport Master Plan (SAMP) in 2024.

SEA's passenger growth is projected to continue due to strong demand for air travel in 2024. SEA is expected to exceed the 2019 pre-Covid passenger level in 2024. Enplanements for 2024 are expected to be 3.5 percent higher than the 2023 forecast and 2.1 percent higher than 2019.

## **MARITIME DIVISION**

The Maritime Division will continue to support the region's ocean economy through its focus on managing the cruise business, four recreational marinas, Terminal 91, Fishermen's Terminal, and a variety of other maritime industrial facilities.

Cruise activity is forecasted at 100 percent occupancy. Grain volume is expected to be 14 percent lower than the 2023 budget.

## **ECONOMIC DEVELOPMENT DIVISION**

The Economic Development Division focuses on developing and managing the Port's real estate assets, promoting statewide tourism, economic development, and developing minority and women owned business opportunities. Commercial properties are expected to achieve a 90 percent occupancy rate by the end of 2024, which is consistent with current results.

The 2024 budget continues funding for the Port's diversity in contracting program, tourism initiatives, and economic development partnership grants for cities in King County.

## **THE NORTHWEST SEAPORT ALLIANCE**

The Northwest Seaport Alliance is a joint venture between the Port of Seattle and the Port of Tacoma established in 2015 to unify the two ports' marine cargo terminal investments, operations, planning, and marketing to strengthen the competitiveness of the Puget Sound gateway.

The net income from the NWSA is distributed evenly between the two home ports and the Port of Seattle's 50 percent share of the 2024 net income is forecast to be \$57.2 million, which is included as operating revenue in the Port wide financial statements. The home ports also share equally in NWSA capital investments; the Port's share is forecast to be \$72.3 million for 2024 and \$210.4 million over the next 5 years.

## **OPERATING BUDGET**

Prudent management of the budget helps ensure that the Port has the resources to invest in infrastructure and programs that support regional economic growth. In 2024, operating revenues are budgeted at \$1,030.7 million, a \$77.0 million or 8.1 percent increase from the 2023 budget.

Operating expenses are budgeted at \$623.5 million, a \$50.1 million or 8.7 percent increase compared to the 2023 budget. Net operating income before depreciation is \$407.2 million, a \$27.0 million or 7.1 percent above the 2023 budget.

## **AVIATION**

The Aviation Division has two distinct lines of business: Aeronautical and Non-aeronautical. Aeronautical revenues are based primarily on operating and capital cost-recovery formulas charged to airlines operating at SEA. On the Aeronautical side, 2024 operating revenue is budgeted at \$528.0 million, which is 4.6 percent higher than the 2024 budget mainly due to increased operating expenses.

On the Non-aeronautical side, budgeted operating revenues are \$332.9 million, a \$36.8 million or 12.4 percent increase from the 2023 budget mainly driven by higher demand for Public Parking, Rental Cars, Airport Dining and Retail, and due to a higher passenger forecast. Total operating revenues are budgeted at \$860.9 million, a 7.5 percent increase from 2023. Total operating expenses, including cost allocations from other divisions, are budgeted at \$502.4 million, a 9.1 percent increase from 2023. Net operating income before depreciation is \$358.5 million, a 5.3 percent increase from 2023.

### MARITIME

The Maritime Division's operating revenues are budgeted at \$86.1 million, a 13.5 percent increase from 2023 mainly due to higher revenue from Cruise. Total operating expenses, including cost allocations from other divisions, are forecasted at \$72.4 million, a 9.5 percent increase from 2023. Net operating income before depreciation is expected to be \$13.7 million in 2024, a 40.6 percent increase from 2023.

### ECONOMIC DEVELOPMENT

The Economic Development Division's 2024 operating revenues are budgeted at \$21.5 million, a 3.0 percent reduction from the 2023 budget mainly due to lower revenue from Conference & Event Centers. Total operating expenses, including cost allocations from other divisions, are expected to be \$30.6 million, a 1.5 percent increase from 2023. Ongoing key budget initiatives in 2024 include strategic investments in the Maritime Innovation Center, diversity in contracting, and the continuation of programs that support tourism and economic development.

### CENTRAL SERVICES

The three operating divisions of the Port are supported by a number of administrative support departments and other service groups. These groups allocate their expenses according to the level of service they provide to the divisions and the NWSA. Central Services operating expenses are budgeted at \$180.6 million, a \$17.7 million or 10.9 percent increase from the 2023 budget.

### **CAPITAL BUDGET**

The Port's capital budget is \$842.7 million for 2024 and the five-year capital improvement plan is \$5.6 billion. The plan includes investments in infrastructure renewal and those supporting growth in the Port's business gateways, creating near-term jobs and stimulating long-term economic vitality for the region.

The Airport's capital budget is \$717.6 million for 2024 and the five-year capital improvement plan is \$5.0 billion. Major projects include investment in Baggage System Optimization, C Concourse Expansion, SEA Gateway, S Concourse Evolution, and Main Terminal Renovation totaling \$2.3 billion in capital expenditures over the next five years. The total five-year includes \$175.2 million for SAMP preliminary planning/design plan but does not include future SAMP projects.

The total 2024 capital budget is \$125.1 million for Maritime, Economic Development and other divisions including Stormwater Utility, legacy projects associated with facilities licensed to the NWSA and Central Services, and the five-year capital plan is \$682.2 million. Major capital projects include Pier 66 Shore Power/Waterfront Electrification, Terminal 91 Berth 6 & 8 Redevelopment, Terminal 91 Uplands Development, and Fishermen's Terminal Maritime Innovation Center. In addition, the Port supports capital investments made by the NWSA; its 50 percent share is forecast to be \$72.3 million in 2024 and \$210.4 million over the next five years.

### **TAX LEVY**

The 2024 tax levy is budgeted at \$86.7 million, a 4.8 percent increase from the 2023 levy of \$82.7 million. Based on preliminary King County assessed valuation, the 2024 estimated millage rate is \$0.106, slightly higher than the \$0.094 in 2023. The Port Commission had gradually lowered the levy amount since 2009 prior to a 3 percent annual increase from 2019 to 2022 and a 2 percent increase in 2023.

## **2024 BUDGET HIGHLIGHTS**

The Port strives to maintain a strong financial position while continuing to make investments that retain and attract customers, create jobs, provide community benefits, enhance equity, support sustainability and help position the Port for future growth.

- Total revenues are budgeted at \$1.4 billion, which includes \$1,030.7 million of operating revenues and \$352.3 million of non-operating revenues.
- Total sources of funds are forecast to be \$2.0 billion, with an estimated \$600.0 million of expected proceeds in 2024 from the anticipated sale of bonds.
- Operating revenues are budgeted at \$1,030.7 million, a \$77.0 million or 8.1 percent increase from the 2023 budget.
  - The \$528.0 million of Aeronautical revenues are based on cost recovery.
  - Airport Non-Aeronautical revenues are budgeted to be \$332.9 million, a \$36.8 million or 12.4 percent increase from the 2023 budget mainly driven by higher demand for Public Parking, Rental Cars, Airport Dining and Retail, and due to a higher passenger forecast.
  - Non-Airport revenues are projected to be \$169.8 million, a \$16.9 million or 11.1 percent increase from the 2023 budget due mainly to higher revenue from Cruise and NWSA Distributable Income.
- Total expenses are budgeted at \$1,098.1 million, which includes:
  - \$623.5 million of operating expenses.
  - \$250.0 million of depreciation expenses.
  - \$224.6 million of non-operating expenses, the majority of which are comprised of interest payments on outstanding bonds.
- Operating expenses are up \$50.1 million, or 8.7 percent from the 2023 budget mainly due to:
  - Pay increases for represented and non-represented employees.
  - New Full Time Equivalent Employees (FTEs) for 2024.
  - Increases in insurance premiums and other contractual costs.
  - Added resources for customer service and safety & security for the travelling public.
  - Increased maintenance costs for new facilities and higher utilities cost.
  - Increased spending on employee development and training.
- The 2024 operating budget includes:
  - \$20.1 million in expenditures for environmental stewardship.
  - \$7.1 million to enhance customer service at SEA.
  - \$5.1 million for Workforce Development to support regional Port-related job-training programs.
  - \$2.3 million for Diversity in Contracting to provide opportunities for women and minority business enterprises and other small businesses.
  - \$2.2 million for the South King County Community Impact Fund.
  - \$2.0 million for the Office of Equity, Diversity, and Inclusion.
  - \$1.9 million to promote and support statewide tourism initiatives and \$1.0 million for the Seattle Aquarium Partnership.
- Net operating income before depreciation is \$407.2 million, a \$27.0 million or 7.1 percent increase from the 2023 budget.
- Net operating income after depreciation is \$157.2 million, a \$15.1 million or 8.8 percent lower than the 2023 budget.

**TABLE I-1: 2024 BUDGET SUMMARY**

<b>COMPREHENSIVE BUDGET (\$ in 000s)</b>		<b>Notes</b>	<b>Aviation</b>	<b>Non-Aviation</b>	<b>Total</b>
<b>Revenues</b>					
1. Aeronautical Revenues			\$ 528,010	-	528,010
2. Other Operating Revenues	1)		332,930	169,758	502,688
<b>Total Operating Revenues</b>			<b>860,940</b>	<b>169,758</b>	<b>1,030,698</b>
<b>Non-Operating Revenues</b>					
3. Tax Levy			-	86,665	86,665
4. PFCs			99,886	-	99,886
5. CFCs			24,899	-	24,899
6. Fuel Hydrant			6,996	-	6,996
7. Non-Capital Grants and Donations			2,887	3,021	5,907
8. Capital Contributions			63,421	-	63,421
9. Interest Income			53,795	10,746	64,541
<b>Total Non-Operating Revenues</b>			<b>251,884</b>	<b>100,431</b>	<b>352,315</b>
<b>Revenues</b>			<b>1,112,823</b>	<b>270,189</b>	<b>1,383,012</b>
<b>Expenses</b>					
1. O&M Expense			502,400	121,092	623,491
2. Depreciation			213,024	37,001	250,025
<b>Non-Operating Expenses</b>					
3. Revenue Bond Interest Expense			159,072	3,391	162,463
4. GO Bond Interest Expense			-	15,819	15,819
5. Non-Op Environmental Expense			-	14,800	14,800
6. Public Expense			463	26,557	27,020
7. Other Non-Op Rev/Expense			(483)	4,942	4,459
<b>Total Non-Operating Expenses</b>			<b>159,052</b>	<b>65,508</b>	<b>224,561</b>
<b>Total Expenses</b>			<b>874,476</b>	<b>223,601</b>	<b>1,098,077</b>
<b>Revenues over Expenses</b>			<b>238,348</b>	<b>46,588</b>	<b>284,935</b>
<b>CAPITAL BUDGET</b>		2)	<b>Aviation</b>	<b>Non-Aviation</b>	<b>Total</b>
2024 Capital			\$ 717,598	\$ 125,067	\$ 842,665
5-Year CIP (2024-2028)			4,955,696	682,189	5,637,885
<b>EMPLOYEES</b>			<b>Aviation</b>	<b>Non-Aviation</b>	<b>Total</b>
Aviation			1,316.0		1,316.0
Maritime				296.5	296.5
Economic Development				37.0	37.0
Central Services				945.7	945.7
<b>Total</b>			<b>1,316.0</b>	<b>1,279.2</b>	<b>2,595.3</b>

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Notes:

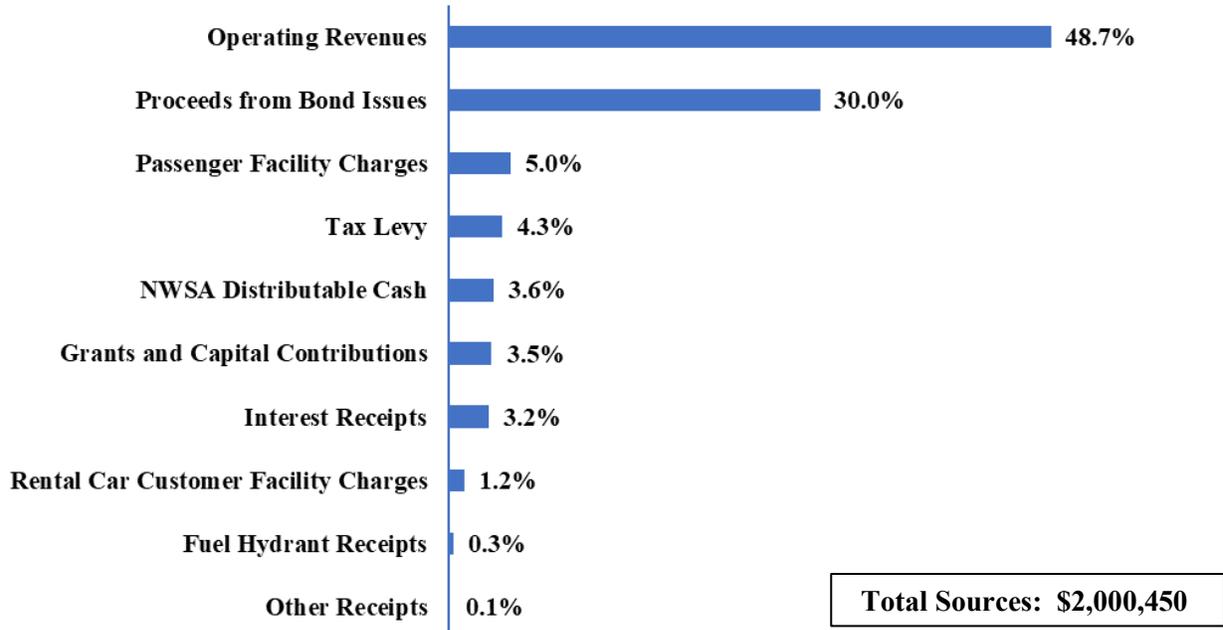
- 1) Other operating revenues for Non-Aviation include \$57.2 million NWSA Distributable Revenue.
- 2) The Capital Budget does not include \$72.3 million of the Port's share of NWSA capital spending in 2024 nor \$210.4 million of the 5-year CIP over 2024-2028.

**TABLE I-2: CASH FLOW SUMMARY**

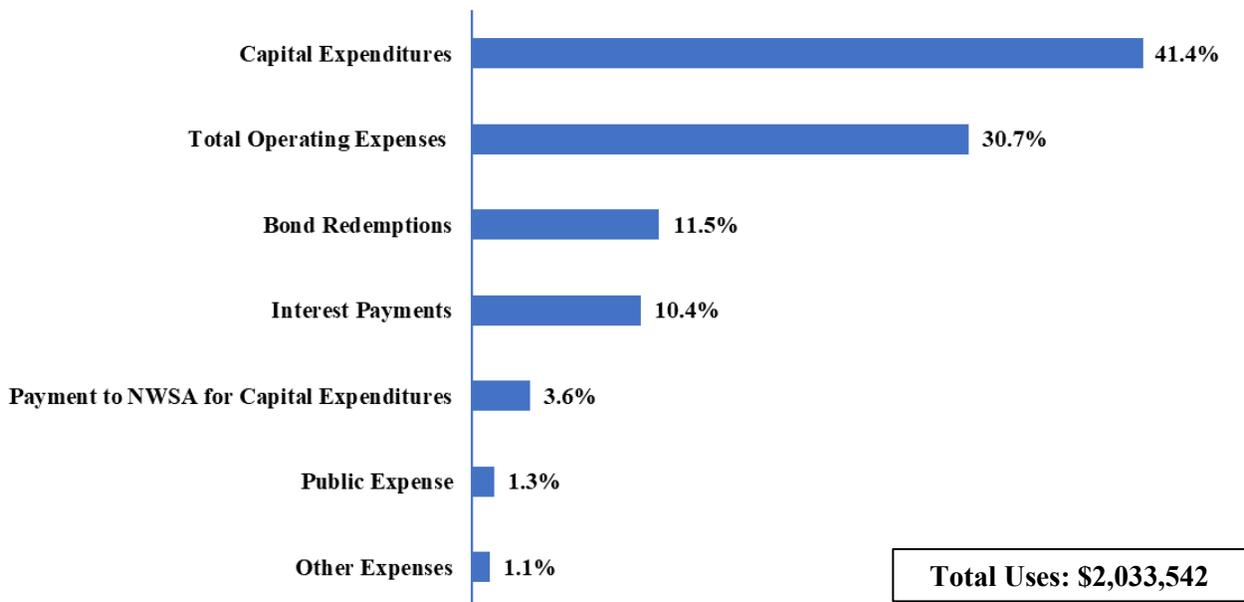
(\$ in 000's)	<u>2024</u>	<u>Percent of Total</u>
<b>Beginning balance of cash &amp; investments</b>	<b>\$ 1,756,030</b>	
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues without NWSA	973,543	48.7%
NWSA Distributable Cash	71,856	3.6%
Interest Receipts	64,541	3.2%
Proceeds from Bond Issues	600,000	30.0%
Grants and Capital Contributions	69,329	3.5%
Tax Levy	86,665	4.3%
Passenger Facility Charges	99,886	5.0%
Rental Car Customer Facility Charges	24,899	1.2%
Fuel Hydrant Receipts	6,996	0.3%
Other Receipts	2,745	0.1%
<b>Total</b>	<b>2,000,459</b>	<b>100%</b>
<b>Anticipated available funds</b>	<b>3,756,489</b>	
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	623,491	30.7%
<b>Debt Service:</b>		
Interest Payments	211,361	10.4%
Bond Redemptions	234,722	11.5%
Total Debt Service	446,083	21.9%
Other Expenses	22,004	1.1%
Public Expense	27,020	1.3%
Payment to NWSA for Capital Expenditures	72,279	3.6%
Capital Expenditures	842,665	41.4%
<b>Total</b>	<b>2,033,542</b>	<b>100%</b>
<b>Ending balance of cash &amp; investments</b>	<b>\$ 1,722,947</b>	
<b>Increase (decrease) of cash during year</b>	<b>\$ (33,083)</b>	

cashflow.xlsx

**FIGURE I-1: SOURCES OF CASH**  
(\$ in 000's)



**FIGURE I-2: USES OF CASH**  
(\$ in 000's)



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## **II. PORT VIEW**

## **PORT VIEW**

### **A. THE PORT OF SEATTLE**

The Port of Seattle, (the “Port”), is a public enterprise with unique authority operating in an international, market-driven environment. The Port provides services to its customers in order to return benefits to the citizens of King County, carefully considering the economic, social, and environmental implications of its decisions.

The Port is now comprised of three operating divisions, namely Aviation, Maritime, and Economic Development. The Aviation Division manages the Seattle-Tacoma International Airport (SEA). The Maritime Division manages cruise, grain, commercial and recreational marinas, and industrial properties connected with maritime businesses. The Economic Development Division manages the Port’s real estate portfolio and also develops programs and initiatives to promote tourism in the region and provides support to small businesses. Aside from the three operating divisions, the Port also includes Central Services which provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port.

### **B. HISTORY OF THE PORT OF SEATTLE**

Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle was the first autonomous municipal corporation in the United States specifically tasked to develop harbor and Port facilities to encourage commerce. The Port was established in an effort by citizens to ensure public ownership of the Seattle harbor. In March 1912, voters approved the Port’s projects that included a plan to build Fishermen’s Terminal which officially opened its doors in January 1914 offering storage rooms, a locker room, offices, headquarters as well as moorage. The new terminal rapidly gained popularity among business and fishing vessel owners and has been home to the North Pacific fishing fleet for more than a century. By late 1915, the Port completed work on Bell Street Pier which housed the original Port headquarters before the relocation to Pier 69 in 1993.

The Port’s concerted efforts to renovate the piers and offer competitive rates were instrumental in increasing domestic and international trade. In 1944, the Port completed construction of Seattle-Tacoma International Airport which was reserved for military use until after World War II. The airport’s official dedication was held on July 9, 1949, attended by more than 30,000 people. During the late 1950s to the early 1970s, the South runway was repeatedly lengthened as airlines transitioned away from propeller-driven planes, four concourses were added increasing the number of gates, and Satellite terminals were added to the North and South of the main terminal. In recent years, The Port has undertaken major airport improvements to increase passenger satisfaction and safety such as the addition of the third runway, additional parking spaces, new surface detection radar and lighting, a new concourse, the International Arrivals Facility (IAF) and the North Satellite Modernization Project. Aside from investing in airport expansion, the Port has continually contributed to the development of public amenities along Seattle’s waterfront through the improvement of container terminals, a grain terminal, cruise terminals, marinas, conference centers, and public parks.

The Port has stayed true to its original mission of promoting economic opportunities and improving the quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. To preserve jobs and to strengthen the Puget Sound gateway, the Port of Seattle along with the Port of Tacoma formed The Northwest Seaport Alliance (NWSA) in August 2015. This partnership unified the two ports’ marine cargo terminal investments, operations, planning, and marketing to make the region more competitive in the global economy, attract more marine cargo,

and create new jobs in the region. Together, the ports can more efficiently deploy the significant investments dedicated to infrastructure and speak with a stronger voice on pressing regional and industry-related issues.

In addition to investing in infrastructure, the Port is also committed in fulfilling its goal of becoming the greenest and most energy-efficient port by investing in projects such as restoring urban forests in near-airport communities and the Duwamish River ecology, promoting adoption of Sustainable Aviation Fuels, implementing green building practices, installing electric vehicle charging stations at the airport and other port facilities, becoming the first (and only) port in the U.S. to form its own stormwater utility, and many more. The Port is also fulfilling its goal of promoting racial equity, diversity, and inclusion through the implementation of policies and programs such Duwamish Valley Community Equity Program, South King County Community Impact Fund, and Youth Career Launch program. These programs not only address health and economic inequities but also provide training opportunities and resources for underserved communities to ensure that economic prosperity is equally shared by all communities regardless of race.

### **C. PORT OF SEATTLE FACILITIES AND SERVICES**

The Aviation Division operates SEA, which is located on 2,800 acres, 12 miles south of downtown Seattle. The airport includes 3 runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length and a subway system linking the concourses. SEA is the 11<sup>th</sup> busiest U.S. airport as measured by passenger volume in 2022 and compared to other large airports, it has relatively high originations and destinations traffic.

The Maritime Division operates 2 cruise vessel terminals with a total of 3 berths. The division also manages a fully automated grain terminal and Fishermen’s Terminal, which is home to the North Pacific factory trawler fishing fleet as well as other general-purpose maritime facilities. In addition, the Maritime Division leases industrial property connected with these cruise, cargo, and factory trawler fishing businesses.

The Economic Development Division manages the Port’s holdings in commercial real estate, developable property, tourism, small business opportunities, and workforce development in the maritime and aviation industries. This allows the Maritime and Aviation divisions to concentrate on their core businesses.

The NWSA, as a Port Development Authority (PDA), is a separate legal entity from the two home ports and acts as the exclusive manager and operator of the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The NWSA is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is the first alliance of its kind in North America, and offers shorter U.S. to Asia transits, as well as a deep connection to Alaska.

The airport, cruise business, marinas, Fishermen’s Terminal, grain terminals, and certain industrial real estate, such as the Northwest Innovation Works and Puget Sound Energy facilities, and Terminal 91 uplands, remain outside the Alliance.

**FIGURE II-1: FACILITY MAP**



**D. CENTURY AGENDA GOALS**

# CENTURY AGENDA OVERVIEW



The Port celebrated 100 years of service to the Puget Sound region by creating a comprehensive, strategic initiative to guide Port priorities for the next quarter century in 2012. That initiative is the Century Agenda. The Century Agenda aligns the Port's and objectives across all divisions and departments as they address evolving challenges with innovative solutions.

For more than 100 years the Port has generated jobs and growth for King County and the greater region by advancing trade and commerce, promoting industrial growth, and stimulating economic development. The Port leverages its real estate, capital assets and financial capabilities to engage and improve the Puget Sound Region as an anchor institution and it brings those resources to bear in accomplishing the goals established by the Century Agenda.

Two years prior to the centennial, the Commission launched an extensive public engagement effort and formed a Century Agenda Committee to guide the Port's long-range vision. More than 1,000 people attended over 60 events and engagements to help develop what are now known as Strategies and Objectives, along with a proposed Mission and Commitment. Each year since, the Port staff has identified action plans that are incorporated in the Port business plans and budget to advance progress towards achieving the Century Agenda Vision, Strategies, and Objectives.

Since its inception, the Century Agenda has remained the cornerstone of the Port's long-term strategic planning. The Strategies and Objectives set forward in the Century Agenda are reviewed every five years to ensure it remains a living document and that the aspirational aims it sets forth are aligned to and reflective of the current landscape and the Port's vision for the future.

### OUR MISSION

**The Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner.**

### OUR VISION

**Over the next 25 years, we will add 100,000 jobs through economic growth for a total of 300,000 port-related jobs in the region, while reducing our environmental footprint.**

### OUR COMMITMENT

**We are committed to creating opportunity for all, stewarding our environmental responsibly, partnering with surrounding communities, promoting social responsibility, conducting ourselves transparently, and holding ourselves accountable.**





# CENTURY AGENDA GOALS AND OBJECTIVES

## **Position the Puget Sound region as a premier international logistics hub**

### Objectives:

1. Meet the Puget Sound region's international trade and cargo needs in an efficient and sustainable manner
2. Support the continued success and competitiveness of the NWSA

## **Advance this region as a leading tourism destination and business gateway**

### Objectives:

3. Continuously improve operational efficiency and customer experience at SEA
4. Strengthen the competitiveness of SEA in the regional and global marketplace
5. Meet the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner

## **Responsibly Invest in the Economic Growth of the Region and all its Communities**

### Objectives:

6. Increase career and business opportunities for local communities in all port-related industries
7. Advance Maritime Industries through innovation, strategic investment, and capable management of Port facilities
8. Expand the economic, cultural and community benefits of Cruise Operations while preserving industrial lands

## **Be the greenest and most energy-efficient port in North America**

### Objectives:

9. Meet all increased energy needs through conservation and renewable sources
10. Meet or exceed agency requirements for stormwater leaving Port-owned or operated facilities
11. Reduce air pollutants and carbon emissions
12. Restore, create, and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay

## **Become a Model for Equity, Diversity, and Inclusion**

### Objectives:

13. Increase utilization of WMBE and DBE firms and eliminate disparity of access to opportunities
14. Ensure that all internal and external programs, structures, and practices provide equitable opportunities for all
15. Advance regional workforce development in port-related industries to provide equitable access to quality careers

## **Be a Highly Effective Public Agency**

### Objectives:

16. Advance the Port's dedication to employee engagement, safety, innovation, and financial stewardship
17. Foster an environment of transparency, accountability, respect, leadership, and fairness to give Port staff the tools to be exceptional public servants
18. Partner and engage with external stakeholders to build healthy, safe, and equitable communities
19. Set the standard for high-quality, cost-effective, and timely delivery of capital programs



**FIGURE II-2: CENTURY AGENDA (CA) AND ANNUAL BUSINESS PLANS/BUDGETING PROCESS**

# CENTURY AGENDA (CA) AND ANNUAL BUSINESS PLANS/BUDGETING PROCESS

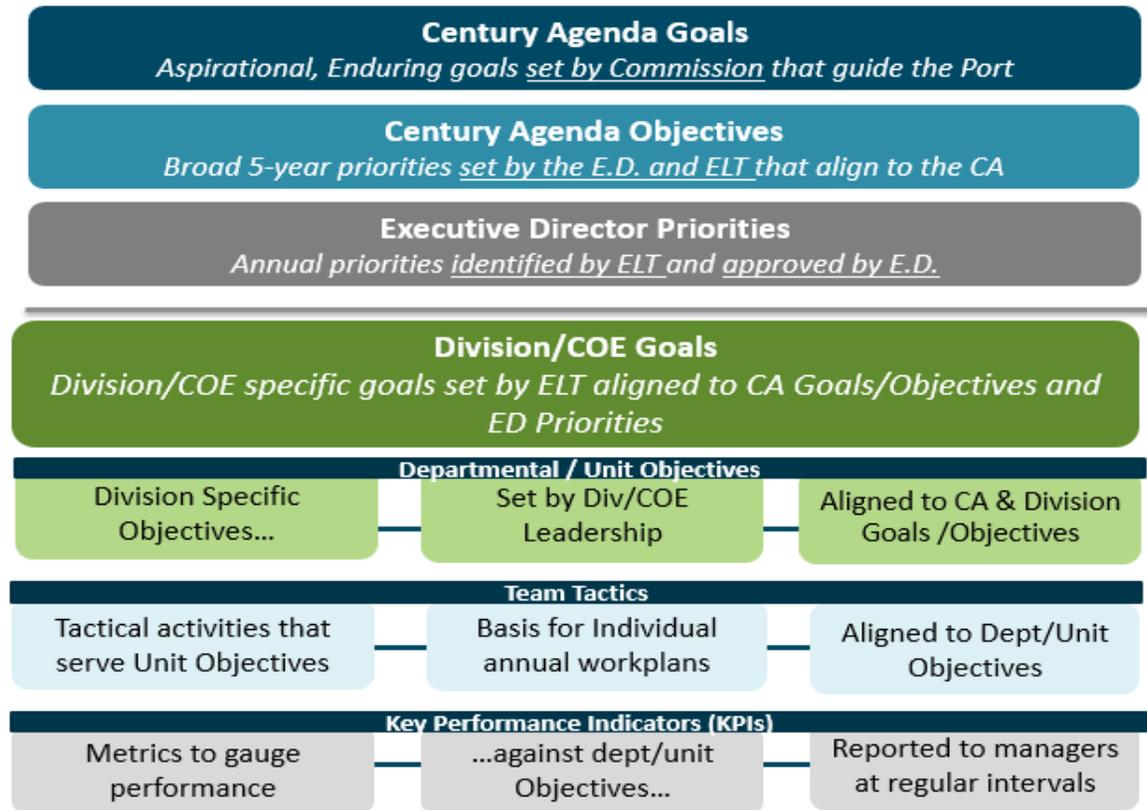
## Port-wide Strategic Alignment under the Century Agenda

The Century Agenda (CA) is the guiding force behind Port business planning initiatives.

Widely embraced throughout the Port, Directors and Managers ensure vertical alignment of their operations and initiatives under the CA.

The Executive Director Priorities (EDPs) are the initiatives identified each year as being most important or impactful.

By aligning all our work under the CA, all Port staff can see and understand how their individual work contributes to Port goals.



**E. COMMISSIONERS AND OFFICERS**

The Port Commission is the legally constituted governing body of the Port of Seattle. As a governing body of a special purpose municipal corporation, it is charged with the responsibility of fulfilling legislatively mandated purposes and objectives.

The Port Commission is made up of five elected individuals. At the time of this publication, they are:

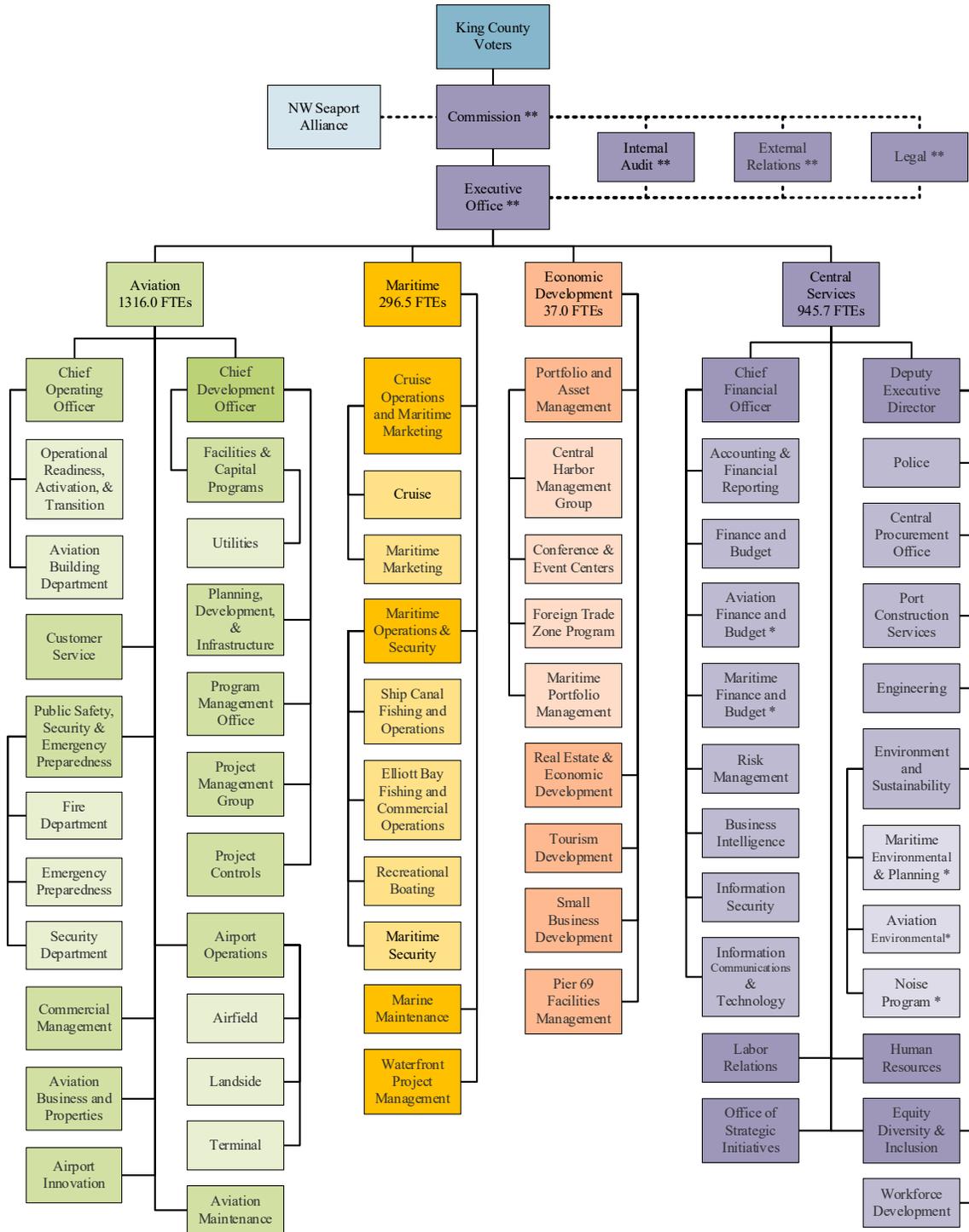
Sam Cho, President  
Toshiko Grace Hasegawa, Vice President  
Ryan Calkins, Commissioner  
Fred Felleman, Commissioner  
Hamdi Mohamed, Commissioner

The senior officers of the Port are:

Steve Metruck, Executive Director  
Karen Goon, Deputy Executive Director  
Pearse Edwards, Sr. Director, External Relations  
Glenn Fernandes, Director, Internal Audit  
Katie Gerard, Sr. Director, Human Resources  
Bookda Gheisar, Sr. Director, Equity, Diversity, and Inclusion  
Stephanie Jones Stebbins, Managing Director, Maritime Division  
Sandy Kilroy, Sr. Director, Engineering, Environment and Sustainability  
Lance Lyttle, Managing Director, Aviation Division  
Dave McFadden, Managing Director, Economic Development Division  
Mikel O'Brien, Sr. Director, Labor Relations  
Pete Ramels, General Counsel & Chief Compliance Officer  
Eric Schinfeld, Interim Chief of Staff  
Dan Thomas, Chief Financial Officer

F. ORGANIZATION CHART

FIGURE II-3: ORGANIZATION CHART



\* For reporting purposes, financials and FTEs counted in the respective division being supported.

\*\* For reporting purposes, Commission Office, Executive Office, Internal Audit, External Relations, and Legal all roll up to Central Services.

# **III. BUDGET OVERVIEW**

## BUDGET OVERVIEW

### A. FINANCIAL OVERVIEW

Table III-1 below is a summary of the combined financial forecasts of the Port’s operating divisions, which can be found in Sections IV, V, and VI.

**TABLE III-1: PORT OF SEATTLE FINANCIAL FORECAST**

(\$ in 000's)	2021	2022	2023	2024	2025	2026	2027	2028	2024 - 2028
	Actual	Actual	Budget	Proposed Budget	Forecast				Compound Growth
<b>OPERATING BUDGET</b>	<i>Notes</i>								
Aeronautical Revenue	\$ 317,513	\$ 402,540	\$ 504,948	\$ 528,010	\$ 612,859	\$ 685,950	\$ 768,065	\$ 844,394	12.5%
Airport Non-Aero Revenues	183,819	256,613	296,102	332,930	356,706	372,681	408,845	422,647	6.1%
Non-Airport Revenues	64,691	95,624	102,328	112,604	121,312	128,372	135,972	143,538	6.3%
NWSA Distributable Revenue	55,998	55,353	50,305	57,154	59,178	57,764	60,989	64,047	2.9%
<b>Total Operating Revenues</b>	<b>622,020</b>	<b>810,130</b>	<b>953,684</b>	<b>1,030,698</b>	<b>1,150,055</b>	<b>1,244,767</b>	<b>1,373,871</b>	<b>1,474,626</b>	<b>9.4%</b>
<b>Total O&amp;M Expenses w/o Pension Credit</b>	<b>422,372</b>	<b>491,377</b>	<b>573,431</b>	<b>623,491</b>	<b>672,876</b>	<b>710,383</b>	<b>749,121</b>	<b>805,895</b>	<b>6.6%</b>
DRS Pension Credit	(57,716)	(15,638)	-	-	-	-	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	<b>364,656</b>	<b>475,739</b>	<b>573,431</b>	<b>623,491</b>	<b>672,876</b>	<b>710,383</b>	<b>749,121</b>	<b>805,895</b>	<b>6.6%</b>
<b>NOI Before Depreciation (with Pension Credit)</b>	<b>257,364</b>	<b>334,390</b>	<b>380,253</b>	<b>407,206</b>	<b>477,179</b>	<b>534,385</b>	<b>624,750</b>	<b>668,731</b>	<b>13.2%</b>
Total Depreciation Expense	190,683	232,236	207,951	250,025					
<b>NOI After Depreciation (with Pension Credit)</b>	<b>\$ 66,681</b>	<b>\$ 102,155</b>	<b>\$ 172,302</b>	<b>\$ 157,181</b>					
									<b>Total</b>
<b>Committed Capital Budget</b>	<b>\$ 416,479</b>	<b>\$ 336,002</b>	<b>\$ 782,584</b>	<b>\$ 929,067</b>	<b>\$ 1,138,871</b>	<b>\$ 660,857</b>	<b>\$ 566,726</b>	<b>\$ 481,202</b>	<b>\$ 3,776,723</b>
Business Plan Prospective	3,632	3,588	84,854	94,642	260,603	382,880	507,568	615,469	1,861,162
CIP Cashflow Adjustment Reserve	-	-	(141,595)	(181,044)	102,906	72,671	2,733	2,734	0
<b>Total Capital Budget</b>	<b>\$ 420,111</b>	<b>\$ 339,590</b>	<b>\$ 725,843</b>	<b>\$ 842,665</b>	<b>\$1,502,380</b>	<b>\$1,116,408</b>	<b>\$1,077,027</b>	<b>\$1,099,405</b>	<b>\$5,637,885</b>

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Notes:

- 1) Includes revenue from Maritime, Economic Development, Central Services, and Stormwater Utility.
- 2) Does not include NWSA Distributable Revenue.
- 3) Does not include Port’s share of NWSA CIP. See Section IX for details of Capital Improvement Plan.

### B. OPERATING BUDGET OVERVIEW

The 2024 budget comprises of Total Operating Revenues of \$1,030.7 million and Total Operating Expenses of \$623.5 million. Net Operating Income Before Depreciation calculates to \$407.2 million. Net Operating Income After Depreciation is budgeted at \$157.2 million.

- Aviation Division’s Operating Revenues are \$806.9 million, a \$59.9 million or 7.5% increase from 2023 budget. Total Operating Expenses are budgeted at \$502.4 million. This represents a \$41.9 million or 9.1% increase compared to the 2023 budget. Net Operating Income Before Depreciation is \$358.5 million.
- Maritime Division’s Operating Revenues are \$86.1 million, a \$10.3 million or 13.5% increase from 2023 budget. Total Operating Expenses are \$72.4 million, a \$6.3 million or 9.5% increase from 2024 budget. Net Operating Income Before Depreciation is \$13.7 million.
- Economic Development Division’s Operating Revenues are \$21.5 million, a \$0.7 million or 3.0% reduction from 2023 budget. Total Operating Expenses are \$30.6 million, a \$0.5 million or 1.5% increase from 2023 budget. Net Operating Loss Before Depreciation is \$11.9 million.
- Operating Expenses for Central Services are \$180.6 million for 2024, a \$17.7 million or 10.9% increase from 2023 budget.

- The Net Income from the NWSA will be distributed evenly between the two home ports. The Port of Seattle's 50% share of the net income for 2024 is \$57.2 million, which is included as Operating Revenue in the Port-wide financial statements.

The 2024 budget for Non-Operating Revenues are \$307.6 million while Non-Operating Expenses are \$184.0 million. More information for the Non-Operating Revenues and Expenses can be found from Table III-2.

**TABLE III-2: REVENUES, EXPENSES, AND NET ASSETS**

(\$ in 000's)	2020	2021	2022	2023	2023	2024
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget
Notes						
<b>OPERATING REVENUES:</b>						
<b>Total operating revenue</b>	<b>510,828</b>	<b>622,020</b>	<b>810,130</b>	<b>953,684</b>	<b>973,469</b>	<b>1,030,698</b>
<b>OPERATING EXPENSES:</b>						
<b>Total Operating Expenses w/o Pension Credit</b>	<b>425,904</b>	<b>422,372</b>	<b>491,377</b>	<b>573,431</b>	<b>569,044</b>	<b>623,491</b>
DRS Pension Credit	(17,223)	(57,716)	(15,638)	-	-	-
<b>Total Operating Expenses with Pension Credit</b>	<b>408,681</b>	<b>364,656</b>	<b>475,739</b>	<b>573,431</b>	<b>569,044</b>	<b>623,491</b>
<b>Net Operating Income Before Depreciation (with Pension Credit)</b>	<b>102,147</b>	<b>257,364</b>	<b>334,390</b>	<b>380,253</b>	<b>404,426</b>	<b>407,206</b>
<b>DEPRECIATION</b>	<b>180,086</b>	<b>190,683</b>	<b>232,236</b>	<b>207,951</b>	<b>207,951</b>	<b>250,025</b>
<b>OPERATING INCOME</b>	<b>(77,939)</b>	<b>66,681</b>	<b>102,155</b>	<b>172,302</b>	<b>196,475</b>	<b>157,181</b>
<b>NON-OPERATING INCOME (EXPENSE):</b>						
Ad valorem tax levy revenues	76,196	78,311	80,785	82,657	82,657	86,665
Passenger facility charges revenues	34,637	72,845	88,284	94,122	98,300	99,886
Customer facility charges revenues	15,429	24,271	24,461	24,658	24,658	24,899
Fuel hydrant facility revenues	6,886	7,010	7,451	7,023	7,023	6,996
Non capital grants and donations	149,913	105,988	156,546	35,701	27,284	5,907
Investment income (loss)	41,406	(5,386,157)	(50,735,202)	64,128	64,528	64,541
Revenue bonds interest expense	(133,149)	(132,925)	(140,838)	(171,294)	(158,418)	(162,463)
Passenger facility charge revenue bonds interest expense	(2,670)	(1,041)	-	-	-	-
General obligation bonds interest expense	(11,850)	(11,004)	(11,877)	(10,562)	(10,562)	(15,819)
Public expense	(6,658)	(9,769)	(8,282)	(11,309)	(7,024)	(27,020)
Non-op environmental expense	(5,971)	(7,495)	(1,296)	(10,500)	(8,000)	(14,800)
Other income (expense)	(22,033)	(20,160)	(61,271)	(3,684)	3,116	(4,459)
<b>Total non-operating income (expense)</b>	<b>142,135</b>	<b>100,646</b>	<b>83,229</b>	<b>100,939</b>	<b>123,560</b>	<b>64,333</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>64,196</b>	<b>167,327</b>	<b>185,384</b>	<b>273,241</b>	<b>320,035</b>	<b>221,514</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>20,909</b>	<b>47,632</b>	<b>38,116</b>	<b>44,377</b>	<b>29,377</b>	<b>63,421</b>
<b>INCOME BEFORE SPECIAL ITEM</b>	<b>\$ 85,105</b>	<b>\$ 214,959</b>	<b>\$ 223,500</b>	<b>\$ 317,619</b>	<b>\$ 349,412</b>	<b>\$ 284,935</b>
<b>SPECIAL ITEM - SR 99 Viaduct Expense</b>	<b>-</b>	<b>(34,907)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 85,105</b>	<b>\$ 180,053</b>	<b>\$ 223,500</b>	<b>\$ 317,619</b>	<b>\$ 349,412</b>	<b>\$ 284,935</b>
<b>EMPLOYMENT (FTES)</b>	<b>2393.7</b>	<b>2411.8</b>	<b>2462.5</b>	<b>2518.6</b>	<b>2535.3</b>	<b>2595.3</b>

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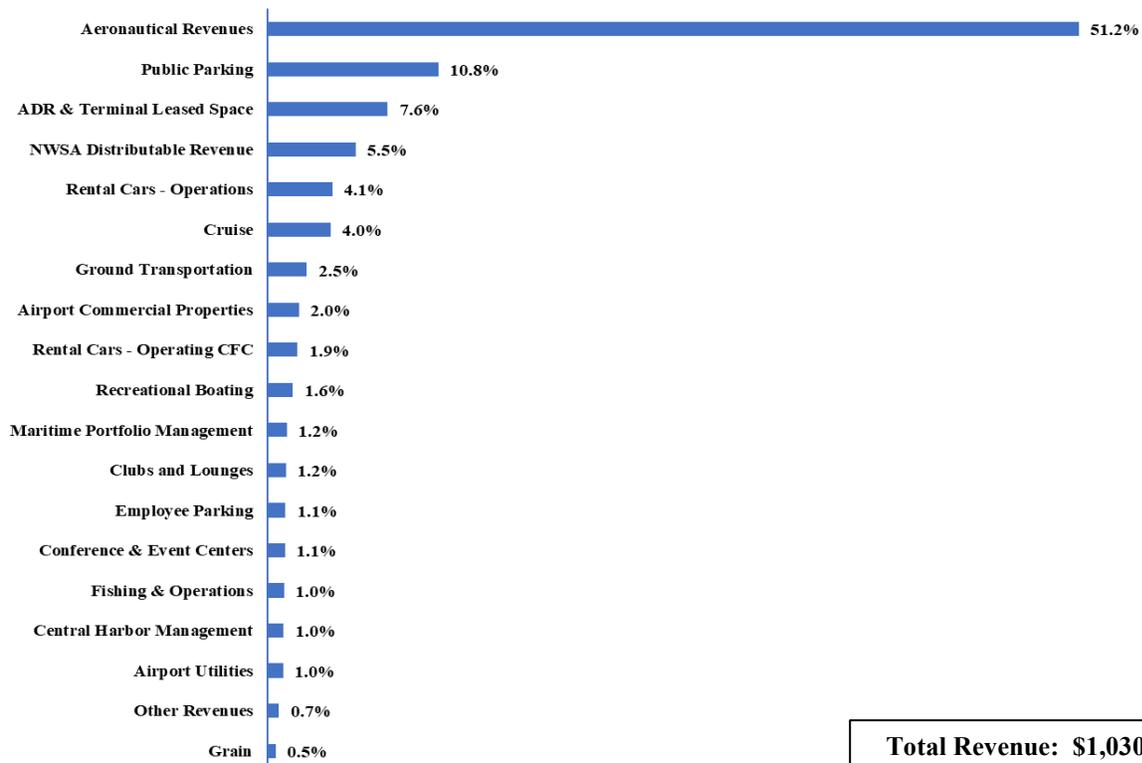
**TABLE III-3: REVENUES BY MAJOR BUSINESSES**

(\$ in 000's)	2021	2022	2023	2024	% Change
Revenue by Account	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Revenue</b>					
Aeronautical Revenues	\$ 317,513	\$ 402,540	\$ 504,948	\$ 528,010	4.6%
Public Parking	64,104	88,899	96,768	111,036	14.7%
Rental Cars - Operations	32,722	44,302	39,353	42,201	7.2%
Rental Cars - Operating CFC	2,018	12,171	14,477	19,399	34.0%
ADR & Terminal Leased Space	41,607	43,126	73,360	78,058	6.4%
Ground Transportation	11,947	20,804	24,324	25,517	4.9%
Employee Parking	9,006	10,645	10,462	11,656	11.4%
Airport Commercial Properties	12,520	16,747	16,959	20,496	20.9%
Airport Utilities	6,350	7,943	8,541	10,153	18.9%
Clubs and Lounges	3,478	8,688	9,859	12,024	22.0%
Cruise	9,517	30,469	34,445	41,057	19.2%
Recreational Boating	12,851	13,978	15,591	16,468	5.6%
Fishing & Operations	9,859	10,566	9,809	10,715	9.2%
Grain	6,112	5,792	5,814	5,191	-10.7%
Maritime Portfolio Management	10,392	10,550	10,192	12,697	24.6%
Central Harbor Management	7,561	8,791	9,699	10,363	6.8%
Conference & Event Centers	1,910	8,914	12,479	11,156	-10.6%
NWSA Distributable Revenue	55,998	55,353	50,305	57,154	13.6%
Other Revenues	6,555	9,851	6,297	7,348	16.7%
<b>Total Operating Revenue</b>	<b>\$ 622,020</b>	<b>\$ 810,130</b>	<b>\$ 953,684</b>	<b>\$1,030,698</b>	<b>8.1%</b>

TABLE4.xlsx

**FIGURE III-1: REVENUES BY MAJOR BUSINESSES**

(\$ in 000's)



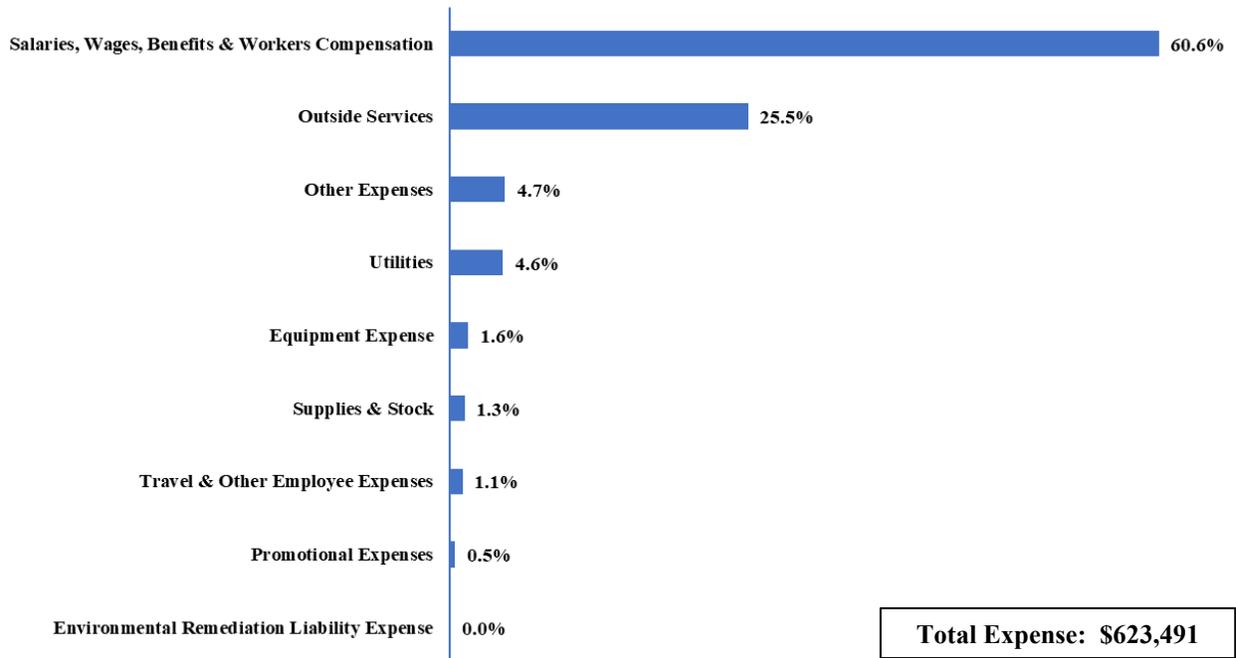
**TABLE III-4: EXPENSES BY MAJOR ACCOUNTS**

(\$ in 000's)	2021	2022	2023	2024	% Change
Expense by Account	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Expense</b>					
Salaries, Wages, Benefits & Workers Compensation	\$ 310,806	\$ 336,882	\$ 389,367	\$ 433,448	11.3%
Equipment Expense	6,863	12,477	10,487	11,637	11.0%
Utilities	26,236	31,202	30,529	32,604	6.8%
Supplies & Stock	9,305	11,549	8,994	9,290	3.3%
Outside Services	99,453	116,790	165,485	182,390	10.2%
Travel & Other Employee Expenses	2,031	4,400	7,344	8,095	10.2%
Promotional Expenses	808	2,439	3,690	3,305	-10.4%
Other Expenses	20,109	30,298	33,108	33,795	2.1%
<b>Total O&amp;M without Environmental</b>	<b>475,612</b>	<b>546,037</b>	<b>649,004</b>	<b>714,564</b>	<b>10.1%</b>
Environmental Remediation Liability Expense	1,791	(540)	7,120	157	-97.8%
<b>Total O&amp;M with Environmental</b>	<b>477,403</b>	<b>545,497</b>	<b>656,124</b>	<b>714,721</b>	<b>8.9%</b>
Charges to Capital/Govt/Envrs Projects/Overhead Alloc	(55,031)	(54,120)	(82,692)	(91,229)	10.3%
<b>Total O&amp;M Expenses w/o Pension Credit</b>	<b>422,372</b>	<b>491,377</b>	<b>573,431</b>	<b>623,491</b>	<b>8.7%</b>
DRS Pension Credit	(57,716)	(15,638)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	<b>\$ 364,656</b>	<b>\$ 475,739</b>	<b>\$ 573,431</b>	<b>\$ 623,491</b>	<b>8.7%</b>

TABLE4.xlsx

**FIGURE III-2: EXPENSES BY MAJOR ACCOUNTS**

(\$ in 000's)



**C. BUDGET OVERVIEW - STAFFING**

Port leaders recognize the importance of investing in its workforce to advance the Port's goals and to better serve the community at large. The 2024 budget strategies included carefully reassessing staffing needs to meet projected increases in business activity and instituting a 5.0% cost of living adjustment and a 2.0% average Pay for Performance increase.

At the beginning of the budget cycle, departments across the Port submitted justifications for new budget requests (i.e., request for additional staff, add or increase funding for initiatives). In some cases, departments presented their business cases to the Executive Leadership team. The 2024 Full-Time-Equivalent (FTE) proposed budget is 2,595.3, an increase of 3.0% compared to the 2023 budget.

Major staffing changes are outlined below:

- Aviation division added 5.1 mid-year FTEs and received a 1.0 transfer from Central Services earlier this year. Aviation's 2024 proposed FTE budget is 1,316.0, an increase of 3.6% compared to 2023. This proposed budget includes 39.0 new FTEs to support the growing capital program, improve asset management, and enhance customer service, operational effectiveness, and safety and security of the public.
- Maritime's 2024 proposed FTE budget is 296.5, a 5.0% increase over 2023. This number includes 5.0 new FTEs to support environmental initiatives, capital program, and operational needs.
- Economic Development's 2024 proposed FTE budget is 37.0, no change from 2023. Economic Development will repurpose a Senior Real Estate Manager position to a Diversity in Contracting Ombudsperson.
- Central Services added 11.5 mid-year FTEs and transferred 1.0 FTE to Aviation earlier this year. Central Service's 2024 proposed FTE budget is 945.7, a 2.9% increase over 2023 budget. The 2024 proposed budget includes 17.0 new FTEs to support Century Agenda goals, enhance safety and security of the public, advance work on regional economic priorities, enhance engagement with surrounding communities, and to meet organizational needs and division priorities.

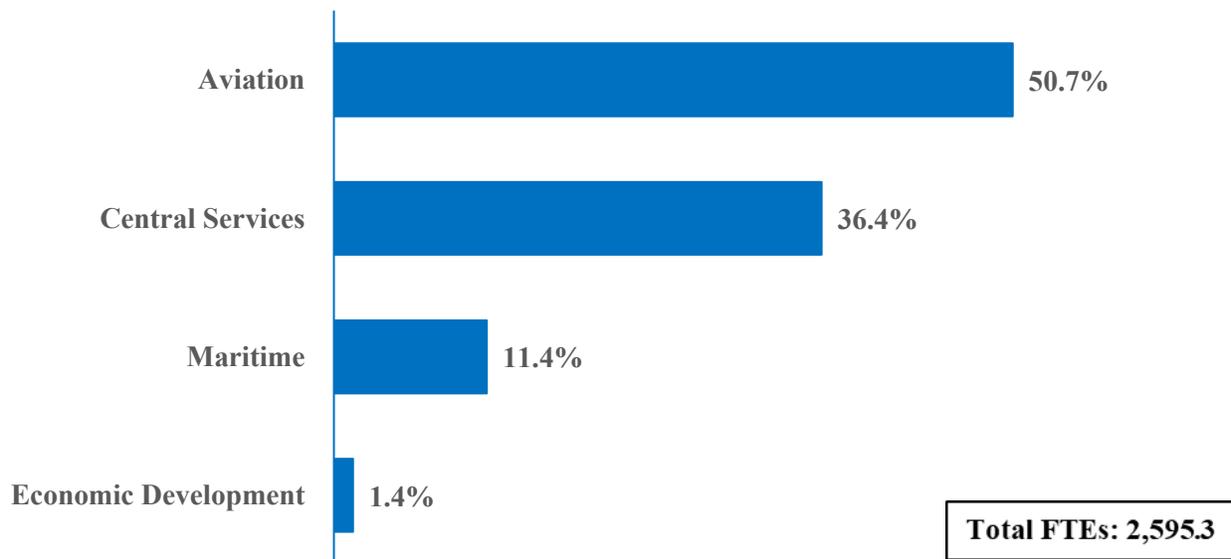
More staffing information is provided in the Aviation, Maritime, Economic Development, and Central Services sections of this document (Sections IV to VII).

**TABLE III-5: PORT STAFFING BY DIVISION**

<b>PORT STAFFING</b> (Full-Time Equivalent Positions)							
<b>Division</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>2023 Est. Act.</b>	<b>2024 Proposed Budget</b>	<b># Change 2023 Bud-2024 Bud</b>	<b>% Change 2023 Bud-2024 Bud</b>
Aviation	1,252.8	1,247.9	1,270.9	1,277.0	1,316.0	45.1	3.6%
Maritime	261.5	277.5	291.5	291.5	296.5	5.0	1.7%
Economic Development	36.0	35.0	37.0	37.0	37.0	0.0	0.0%
Central Services	861.5	902.1	919.2	929.7	945.7	26.5	2.9%
<b>Total FTE's</b>	<b>2,411.8</b>	<b>2,462.5</b>	<b>2,518.6</b>	<b>2,535.3</b>	<b>2,595.3</b>	<b>76.6</b>	<b>3.0%</b>

FTE.XLS

**FIGURE III-3: PORT STAFFING BY DIVISION:**



**D. CAPITAL BUDGET OVERVIEW**

For the Port to meet the waterborne and air transportation needs of the region and to serve its customers, it must invest in the acquisition, development, and maintenance of long-term assets. For an organization as large and diverse as the Port, this requires comprehensive long-term capital planning which synthesizes the existing and anticipated business environment, careful estimates of customer demand for facilities, available resources, and the priorities of the organization. The 2024 capital budget is \$842.7 million, and the five-year capital improvement plan (CIP) is \$5.6 billion.

The 2024-2028 CIP reflects the Port's continuing commitment to promoting regional economic activity through the investment in the development, expansion, and renewal of Port facilities. For a more detailed discussion of the Port's long-term capital and funding plan, refer to Section IX (Capital Improvement Plan) and Section X (Plan of Finance).

**TABLE III-6: CAPITAL BUDGET**

(\$ in 000's)	Notes	2024 Budget	2024-2028 CIP	% of 2024 Total Committed
<b>Committed Capital Projects</b>	1			
Aviation Division		\$ 795,967	\$ 3,389,990	85.7%
Maritime Division		92,373	227,020	9.9%
Economic Development Division		22,966	94,968	2.5%
Central Services		16,308	35,269	1.8%
Other	2	1,453	29,336	0.2%
<b>Total Committed</b>		<b>\$ 929,067</b>	<b>\$ 3,776,583</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>		<b>\$ 94,642</b>	<b>\$ 1,861,162</b>	
<b>CIP Cashflow Adjustment Reserve</b>		<b>\$ (181,044)</b>	<b>\$ -</b>	
<b>Total CIP</b>		<b>\$ 842,665</b>	<b>\$ 5,637,745</b>	

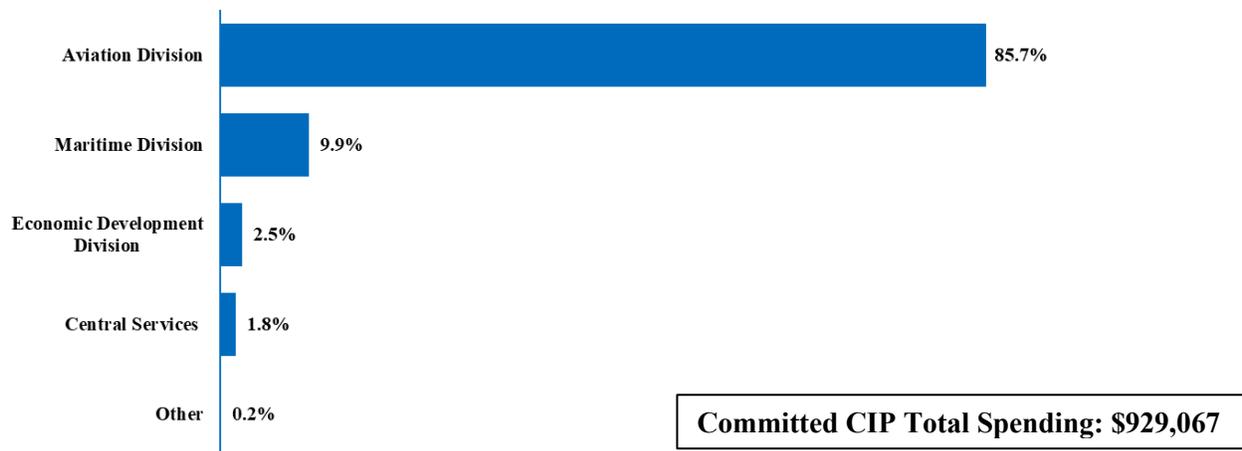
CAPSUM.xlsx

Notes:

- 1) Definitions and details of the capital budget can be found in Section IX.
- 2) Includes the Stormwater Utility and Port projects related to NWSA (Joint Venture); excludes the Port's share of NWSA CIP.

**FIGURE III-4: COMMITTED CAPITAL BUDGET**

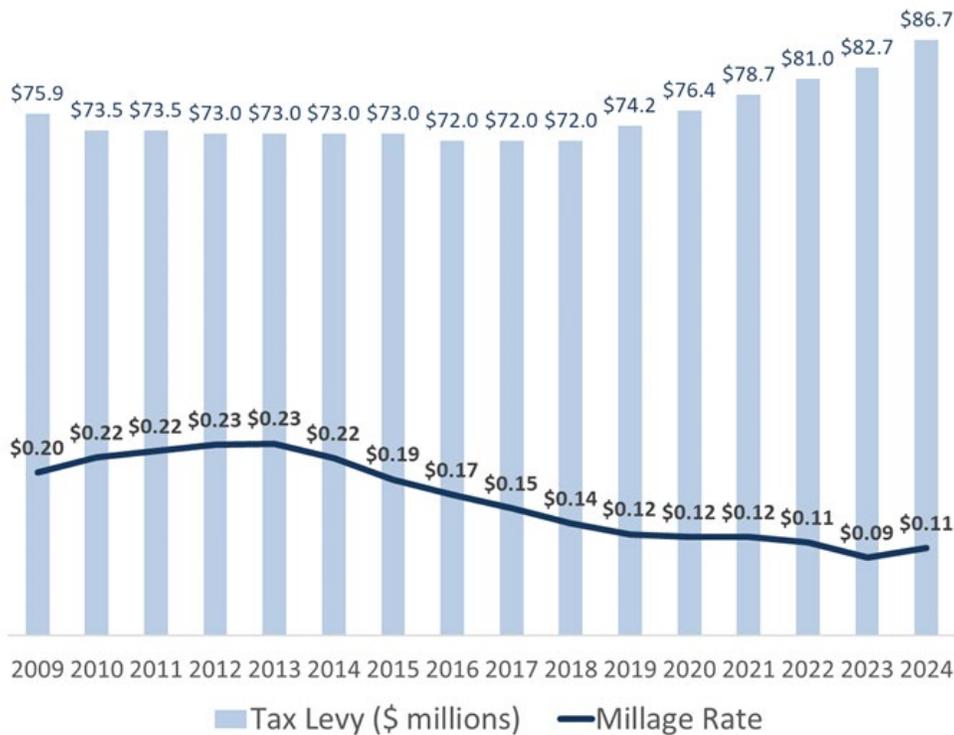
(\$ in 000's)



**E. TAX LEVY**

- The preliminary maximum allowable levy for 2024 is \$115.6M.
- For 2024 the preliminary levy is \$86.7M, a 4.8 percent increase over the 2023 levy of \$82.7M. The levy is currently under review and may change for the final budget.
- The estimated 2024 millage rate is \$0.106.
- Planned levy uses in 2024 include:
  - General Obligation (G.O.) Bond debt service.
  - Capital projects reviewed by the Commission.
  - Environmental remediation.
  - Environmental and climate change initiatives.
  - Highline Schools Noise project.
  - Workforce development initiatives and community business assistance.
  - Economic development partnership grants.
  - Support for local and regional Tourism.
  - City of SeaTac safety enhancements.
  - Local community advertising at Sea-Tac Airport.
  - South King County Community Impact Fund.
  - Duwamish Valley Community Equity Program.
  - Support for the Equity, Diversity and Inclusion department and high school internship program.

**FIGURE III-5: TAX LEVY VS. MILLAGE RATE 2009-2024**



## **F. EQUITY IN BUDGETING**

Over the years the Port has worked hard to ensure the equitable distribution of resources and mitigation of impacts in underserved communities through 17 community programs, such as the South King County Community Impact Fund, the Duwamish Valley Equity Program, the Youth Maritime Career Launch Program, and Diversity in Contracting.

To further advance the Port’s Century Agenda goal to “Become A Model of Equity, Diversity, and Inclusion,” the Port has been providing equity training to staff with the primary goal to normalize, organize, and operationalize racial equity through employee dialogues, book clubs, learning events, and mandatory training for all managers and supervisors. For the 2024 budgeting process, we collected information at both the division and department levels.

Every division is tasked with answering the following four questions as well as assessing their 2024 budgets for Operating Expense items that qualify as equity spending. This information will be used to help us understand how our budgets are aligning with our equity values and where we are spending money to advance equity. Each division reports the equity spending in the 2024 budget to both the Executives and the Commission as part of the budget reviews.

1. Did you have difficulty spending your budgeted equity dollars in 2023? And if so, why?
2. In your 2024 budget, how did your division choose to prioritize equity programs with the available budget?
3. How did you engage with staff and/or community during the 2024 budget process?
4. What new items have you added related to Equity, Diversity, and Inclusion in your 2024 budget (new requests and baseline budget)?

The Port defines equity spending according to the three criteria listed below. For a budget item to qualify as equity spending, it must meet at least one of the three criteria:

1. Invests directly in structurally excluded communities, either through grants, contracts, programs, sponsorships, or dedicated facilities.
2. Invests in businesses and individuals outside of the Port to help us realize our internal and external equity priorities.
3. Invests in Port employees whose essential work functions were designed to primarily focus on advancing equity work.

If the budget item meets at least one of the above three criteria, they are then further categorized into one of the following six equity spending categories:

- A. Advancing Diversity – a budget item that increases diversity (race, gender, income, etc.) internally and/or externally.
- B. Supplier Diversity – a budget item that builds the capacity of WMBEs or DBEs, grows the pool of WMBEs or DBEs, and/or strengthen the Port’s ability to contract with WMBEs or DBEs.
- C. Removing Systemic Barriers – a budget item used to address and change policies, programs, and systems that create disproportionate access to opportunities, information, and services.
- D. Engagement – a budget item used to engage BIPOC communities and/or structurally excluded communities.
- E. Community Investments – a budget item that invests in BIPOC communities and/or structurally excluded communities.
- F. Environmental Justice – a budget item that addresses and/or improves environmental issues that disproportionately affect BIPOC and/or structurally excluded communities.

In addition to tracking equity spending at the division level, all departments are asked to answer the following four questions below about their 2024 budgets. The answers would provide insight into how a department's budget aligns with Equity Goals, who was included in the budget creation process, and what additional support or resources are needed to help departments meet their equity goals.

1. How does your proposed budget align with your department's draft annual equity goals?
2. OEDI is offering a comprehensive suite of training and learning opportunities for Port employees. Does your department need additional or specialized training that OEDI is not currently offering? If so, please propose this cost in your budget asks.
3. Has the external training, education, and development for all team members been discussed and taken into consideration in your proposed budget?
4. How did you engage with your department's staff, other Port staff, and/or external stakeholders or communities during the budget process?

**G. CENTURY AGENDA GOALS**

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Will be updated in the Final version.**

# IV. AVIATION

**AVIATION DIVISION**

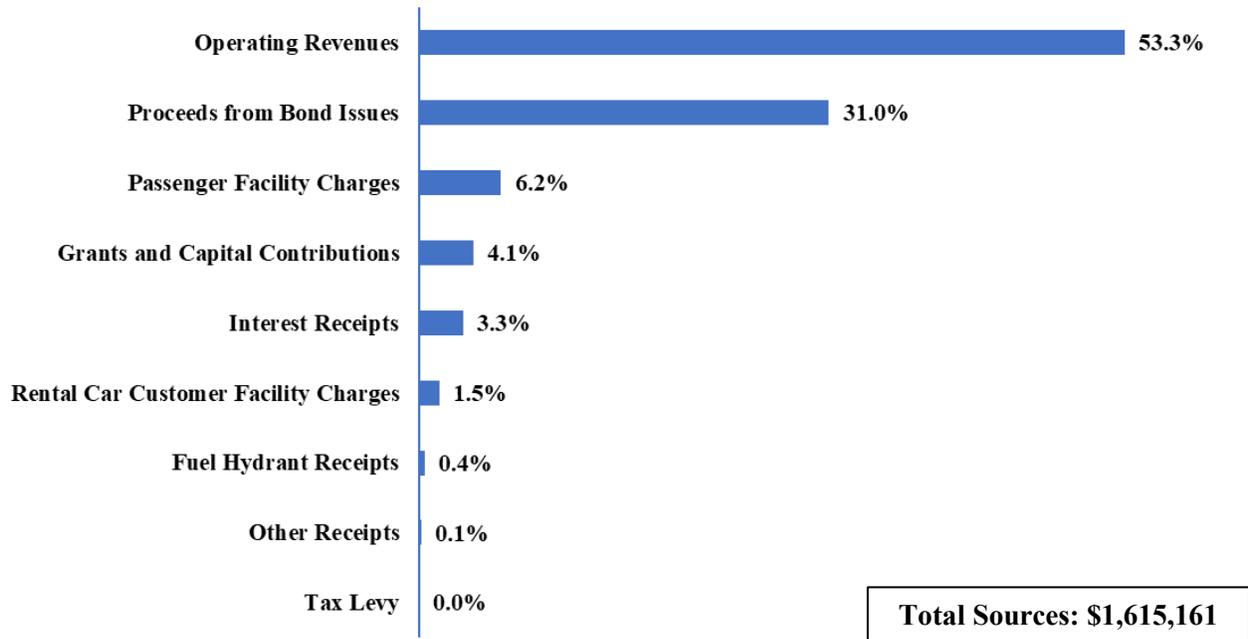
**A. 2024 BUDGET SUMMARY**

**TABLE IV-1: AVIATION CASH FLOW SUMMARY**

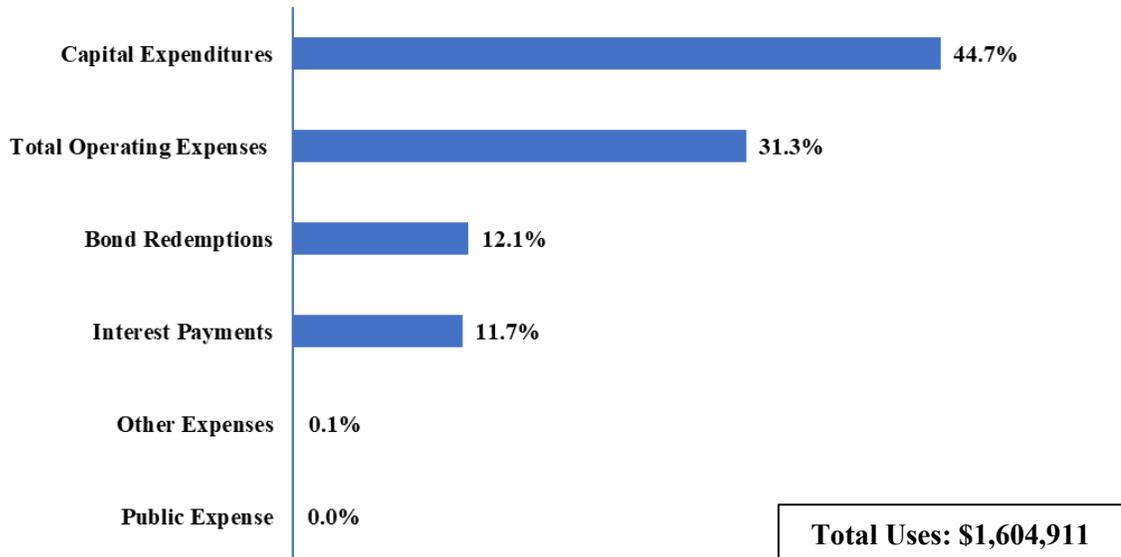
(\$ in 000's)	<b>2024</b>	<b>Percent of Total</b>
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues	\$ 860,940	53.3%
Interest Receipts	53,795	3.3%
Proceeds from Bond Issues	500,000	31.0%
Grants and Capital Contributions	66,308	4.1%
Tax Levy	-	0.0%
Passenger Facility Charges	99,886	6.2%
Rental Car Customer Facility Charges	24,899	1.5%
Fuel Hydrant Receipts	6,996	0.4%
Other Receipts	2,338	0.1%
<b>Total</b>	<b>\$ 1,615,161</b>	<b>100%</b>
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	502,400	31.3%
<b>Debt Service:</b>		
Interest Payments	187,609	11.7%
Bond Redemptions	194,987	12.1%
Total Debt Service	382,596	23.8%
Other Expenses	1,855	0.1%
Public Expense	463	0.0%
Capital Expenditures	717,598	44.7%
<b>Total</b>	<b>\$ 1,604,911</b>	<b>100%</b>

CASHFLW.xlsx

**FIGURE IV-1: AVIATION SOURCES OF CASH**  
(\$ in 000's)



**FIGURE IV-2: AVIATION USES OF CASH**  
(\$ in 000's)



**B. FINANCIAL FORECAST**

**TABLE IV-2: AVIATION FINANCIAL FORECAST**

(\$ in 000's)	Actual 2022	Budget 2023	Budget 2024	Forecast				Compound Growth 2024-2028
				2025	2026	2027	2028	
<b>OPERATING BUDGET</b>								
Aeronautical Revenues	\$ 402,540	\$ 504,949	\$ 528,010	\$ 612,859	\$ 685,950	\$ 768,065	\$ 844,394	12.5%
Non-Aeronautical Revenues	256,613	296,102	332,930	356,706	372,681	408,845	422,647	6.1%
<b>Total Operating Revenues</b>	<b>659,153</b>	<b>801,051</b>	<b>860,940</b>	<b>969,565</b>	<b>1,058,631</b>	<b>1,176,910</b>	<b>1,267,042</b>	<b>10.1%</b>
Operating & Maintenance Expense	283,191	332,461	358,463	388,271	410,325	432,865	468,000	6.9%
Central Services and other Division Costs	84,138	97,810	109,919	119,059	125,822	132,733	143,507	6.9%
Law Enforcement Costs	27,660	30,264	34,019	36,847	38,940	41,080	44,414	6.9%
<b>Total Operating Expense w/o Pension Credit</b>	<b>394,990</b>	<b>460,535</b>	<b>502,400</b>	<b>544,178</b>	<b>575,087</b>	<b>606,678</b>	<b>655,920</b>	<b>6.9%</b>
<b>DRS Pension Credit</b>	<b>(12,286)</b>	<b>-</b>	<b>-</b>					
<b>Net Operating Income Before Depreciation</b>	<b>276,449</b>	<b>340,516</b>	<b>358,540</b>	<b>425,388</b>	<b>483,544</b>	<b>570,231</b>	<b>611,121</b>	<b>14.3%</b>
Total Depreciation Expense	194,242	170,667	213,024					
<b>Net Operating Income After Depreciation</b>	<b>82,207</b>	<b>169,849</b>	<b>145,516</b>					
								<b>Total 2024-2028</b>
<b>Committed Capital Budget</b>	307,954	729,920	795,967	975,817	637,896	533,382	446,928	3,389,990
<b>Business Plan Prospective</b>	3,588	54,716	63,551	189,814	315,373	456,265	540,703	1,565,706
<b>CIP Cashflow Adj Reserve</b>		(120,759)	(141,920)	85,152	56,768	-	-	-
<b>Total Capital Budget</b>	<b>311,542</b>	<b>663,877</b>	<b>717,598</b>	<b>1,250,783</b>	<b>1,010,037</b>	<b>989,647</b>	<b>987,631</b>	<b>4,955,696</b>

2024 Operating Summary PRELIM Budget Doc.xlsx

Note:

- 1) See Section IX for details of Capital Improvement Plan.

**TABLE IV-3: AVIATION KEY MEASURES**

	Actual 2022	Budget 2023	Budget 2024	Forecast			
				2025	2026	2027	2027
<b>Key Measures (in \$'s)</b>							
Cost per Enplanement (CPE)	16.09	19.27	18.61	21.17	23.43	26.15	28.60
O&M per Enplanement	15.60	18.84	18.99	20.03	20.85	21.84	23.43
Non-Aero Revenue per Enplanement	11.17	12.11	12.58	13.13	13.51	14.72	15.10
Debt per Enplanement	156.65	164.29	157.76	189.07	210.41	233.16	255.32
Debt Service Coverage <sup>1</sup>	2.64	1.87	1.88	1.98	1.74	1.60	1.52
<b>Traffic (in 000's)</b>							
Enplanements	22,966	24,444	26,457	27,172	27,579	27,772	27,994

2024 Operating Summary PRELIM Budget Doc.xlsx

Note:

- 1) Debt Service Coverage is based on the Airport only calculation per Signatory Lease Operating Agreement (SLOA).

## **C. AVIATION DIVISION DESCRIPTION/BUSINESS ASSESSMENT**

### **MISSION & VISION:**

The Aviation Division supports the mission and vision of the Port of Seattle as expressed through the Century Agenda.

### **MAJOR/NEW INITIATIVES:**

- Execute new Signatory Lease and Operating Agreement (SLOA) agreement with airlines.
- Continue with airline realignment project to optimize the use of FIS-accessible gates on Concourse A.
- Improve customer experience by augmenting consolidated contract support services.
- Support acquisition of sustainable aviation fuel at SEA with the purchase of emission reduction benefits/attributes.
- Continue with the Part 150 noise and land use compatibility study.
- Continue with the accelerated home insulation noise program.
- Increase partner participation in Allies Against Human Trafficking initiative.
- Complete NEPA environmental review of Sustainable Airport Master Plan.
- Expand “Upgrade SEA” communication program.
- Achieve 2024 milestones for priority capital projects, planning studies, and asset management.
- Focus on Employee Engagement initiatives to attract and retain high quality employees.

### **DIVISION DESCRIPTION:**

The Port of Seattle owns and operates Seattle-Tacoma International Airport (SEA), the largest airport in the state of Washington and the 11th busiest airport in the U.S. based on passenger volume in 2022. The Airport is located approximately 12 miles south of downtown Seattle. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation, and aircraft maintenance on a site of approximately 2,800 acres. Airport facilities include the Main Terminal, the South and North Satellites, a parking garage, and a consolidated rental car facility. The Airport has three runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length.

### **INDUSTRY ASSESSMENT:**

Demand for air travel has been strong in 2023. The recovery gained strength in 2023 due to the strong demand for leisure travel, despite rising inflation which could reduce customer propensity to spend on leisure activities. Many international markets have seen robust growth, with international passenger on track to recover within 1% of pre-pandemic volumes by year-end 2023.

For the past several years, airports and airlines have benefited from federal relief grants that blunted the impact of the COVID-related travel restrictions and uncertainties. For SEA, the majority of Federal Relief grants were applied by year-end 2022, with the remaining \$12 million of COVID related relief grants applied during 2023.

Looking ahead to 2023, continuing high inflation, the threat of an economic recession in the U.S. (and in other parts of the world), the impact of the war in Ukraine on oil prices, and the escalating Israel-Hamas war all create uncertainty. Still, the demand for air travel appears to be resilient.

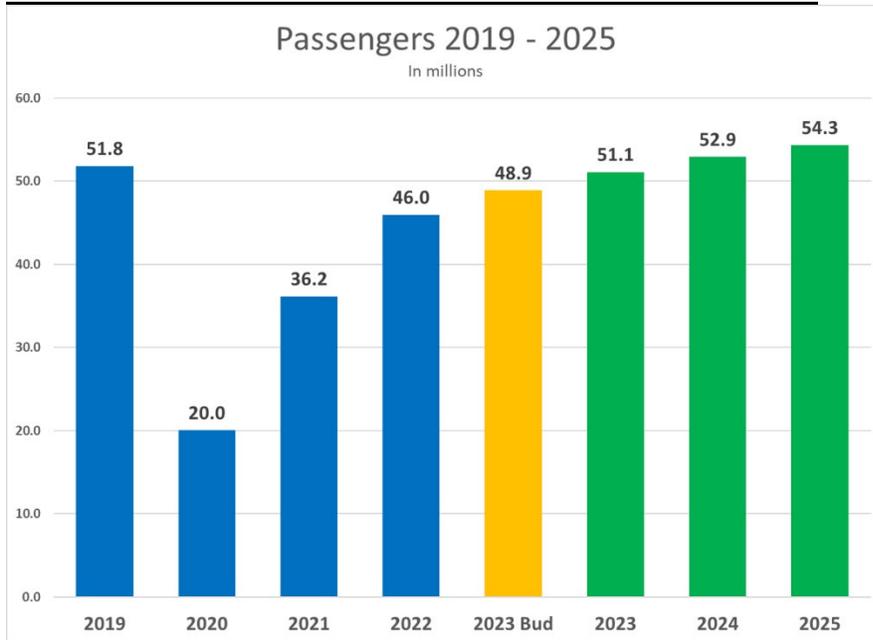
SEA is a hub for both Alaska and Delta. Alaska’s participation in the oneworld Alliance appears to be contributing to growth in international service. Since the start of the pandemic in 2020, SEA has added twelve (12) new international services (including Canada and seasonal services).

**BUSINESS ASSESSMENT/DRIVERS:**

Passenger traffic grew by 27% in 2022. Passenger volume continued to strengthen in 2023 and is exceeding the passenger volume anticipated in the 2023 Budget. We now expect to be within 1.4% of pre-pandemic passenger levels by year-end 2023. For 2024, we are assuming 3.5% growth in total passengers which would bring SEA passenger traffic to 2.1% above pre-pandemic passenger levels for the first time since 2019.

The table below shows passenger traffic exceeding 2019 passenger level in 2024.

**FIGURE IV-3: AIRPORT PASSENGER FORECAST 2019-2025**



**TABLE IV-4: AVIATION PASSENGER RECOVERY FORECAST**

The below table shows the annual change in passenger volumes and the forecasted recovery compared to the 2019 pre-pandemic base year.

	<u>Annual Change</u>	<u>Vs. 2019</u>
<b>2020</b>	-61.3%	-61.3%
<b>2021</b>	80.4%	-30.2%
<b>2022</b>	27.1%	-11.3%
<b>2023 F</b>	11.2%	-1.4%
<b>2024 F</b>	3.5%	2.1%
<b>2025 F</b>	2.7%	4.9%

## **CHALLENGES AND OPPORTUNITIES:**

### **Strengths:**

- New Facilities: International Arrivals Facility and North Satellite Gates
- Employees' ability to adapt and innovate
- SEA Brand, customer-focused culture

### **Weaknesses:**

- Increasing airport cost to airlines/tenants
- Project construction impacts
- Capital program affordability; resources to deliver
- Staffing challenges

### **Opportunities:**

- Regional economy, demand for travel
- Emerging technologies to enhance customer experience
- Growth through AAG alliance with oneworld
- Community priorities

### **Threats:**

- Lingering pandemic uncertainties
- Volatile construction market, supply chains, and increasing costs
- Delay on Sustainable Airport Master Plan environmental review
- High inflation and risk of recession

## **D. OPERATING BUDGET SUMMARY**

### **Background**

From a financial perspective, the Aviation Division has two sides to its business: Aeronautical and Non-Aeronautical.

On the Aeronautical side, where airline rates are set to recover costs, the Port's goal is to manage costs while maintaining a high level of customer service. The primary measure of an airport's cost to the airlines is the airline cost per enplanement (CPE). The "costs" include the operating and maintenance costs attributable to the airfield and the airline share of the terminal building operating and maintenance costs (based on the percentage of revenue producing space within the terminal which is split between airlines and other Port tenants), as well as the corresponding capital costs for those assets used in Aeronautical operations (either debt service or equity amortization). The Port does not charge airlines for the capital costs of any asset funded by Passenger Facility Charges (PFCs) or grants. Similarly, grant funded operating expenses are not charged to the airlines.

On the Non-Aeronautical side of the business, the primary goal is to increase cash flow as measured by net operating income (NOI). The net cash flow can be used to directly fund capital improvements and build up cash reserves to meet liquidity targets.

As described in the Industry Assessment section above, the COVID-19 pandemic which severely impacted passenger volumes is on a strong recovery path. Passenger volumes are expected to be 1.4% below 2019 volume by year-end 2023. While international travel was slower to recover, that recovery

strengthened in 2023 with international passenger volumes forecasted to be within 0.9% of pre-pandemic levels by year-end 2023.

### **Overview of Major Changes in 2024 Budget**

The overall enplanement forecast for the 2024 Budget reflects passenger volume 2.1% higher than pre-pandemic passenger levels, for the first time since 2019. International passenger levels are also expected to continue to grow and are expected to be 2.4% higher than 2019 international passenger volumes by year-end 2024.

In a continuing effort to manage costs, the focus of the 2024 Budget is to strategically increase the operating expense budget to support returning passenger volumes, closely align budget increases with key airport initiatives, and increase operating expenses in specific areas required to support the growing airport capital program. These planned budget increases include increasing headcount in key areas, pay increases to retain and attract necessary staffing, and targeted increases to non-payroll expense.

### **Revenues**

Aeronautical revenue – Aero rate base revenues are directly tied to airport operating expenses through the cost recovery methodology for rate setting. Operating expenses which impact the aeronautical rate base include higher increase payroll costs, expense increases to support key airport initiatives, and increased operating expenses in specific areas required to support the growing airport capital program. These higher operating expense costs are partially offset in the 2024 Budget by a decline in the debt service recovered through the Aeronautical rate base. The decline in debt service charged to the Aero rate base in 2024 is due to compound impact of debt service costs removed from the cost recovery model once fully recouped and schedule delays in completing new assets which will trigger recovery of the debt service funding the construction of those new assets. The net impact of the increase in operating expenses and the decline in debt service costs are reflected in the Aeronautical rate base costs in the 2024 Budget. Any Aero rate-based costs which are paid for using grant funds are excluded from cost recovery.

Non-Aeronautical revenue – the growth in Non-Aeronautical Operating Revenue was strong during 2023, outpacing returning passenger volumes in most lines of business despite tenant labor shortages and supply chain challenges. Strong Non-Aeronautical revenue growth is expected to continue into 2024, due to the combined effect of continued strong demand and higher concession fees to the airport from inflationary impacts on tenant gross sales.

### **Operating Expense Drivers**

Total airport operating expenses (including cost from other divisions) are budgeted to increase by \$41.9M, or 9.1% compared to the 2023 Budget.

The tables on the following pages summarize high level changes to the airport direct operating and maintenance expense (O&M) portion of the Aviation Division budget and highlight key elements in the strategic cost increases reflected in the 2024 Budget. The detailed tables below do not include operating expenses for the Airport from Central Services and other divisions.

**TABLE IV-5: AVIATION BUDGET SUMMARY – INCREMENTAL CHANGES COMPARED TO 2023 BUDGET**

(\$ in 000's)

Remove 2023 non-recurring expense	(23,544)
2024 Reduction/Savings in baseline budget	(1,380)
2024 Increase in Charges to Capital (decrease in OpExp)	(4,288)
2024 Increase to baseline budget	27,483
Exceptions: Change in Regulated Materials	(6,963)
<b>Budget Reduction before new Budget Requests</b>	<b>(8,693)</b>
Proposed 2024 additions (baseline)	8,685
Proposed 2024 additions (non-recurring)	25,976
<b>Subtotal - new Budget Requests</b>	<b>34,661</b>
<b>Incremental Budget Change - Total O&amp;M</b>	<b>25,968</b>

2024 Budget Changes Summary.xlsx

**TABLE IV-6: AVIATION PAYROLL COST INCREASES**

<b>2024 Payroll Cost Increases compared to 2023 Budget:</b>	<b>\$000's</b>
<u>Payroll Increases (before new FTE requests)</u>	
Non-Represented Annual Increases (Pay & Benefits)	5,755
Represented Annual Increases (Pay & Benefits)	5,680
Annualized new FTEs approved in 2023 Budget	1,186
Add New FTEs approved in 2023 (mid-year approvals)	510
All other payroll increase/adjustments	869
<b>Total Baseline Payroll Increases</b>	<b>13,999</b>
<b>Less incremental change in 5% Payroll Vacancy</b>	<b>(600)</b>
<b>Plus incremental estimate for HR compensation program</b>	<b>3,035</b>
<b>Proposed new FTEs (budget requests)</b>	<b>4,652</b>
<b>2024 Payroll Cost Increases:</b>	<b>21,087</b>

2024 Budget Changes Summary.xlsx

**TABLE IV-7: AVIATION NON-PAYROLL COST INCREASES**

<b>2024 Non-Payroll Cost Increases compared to 2023 Budget:</b>		<b>\$000's</b>
<u>Non-Payroll Cost Increases due to revenue growth</u>		
Clubs & Lounges - higher usage/increased volume	1,334	
Credit Card usage fee increases	432	
B&O tax correction	(107)	
<b>Total Non-Payroll Cost Increases due to revenue growth</b>		<b>1,658</b>
<u>Other Non-Payroll Cost Increases</u>		
Aviation contract increases	2,252	
Utilities increase (rate & usage)	1,463	
All other Aviation Non-Payroll increases to baseline budget	4,295	
<b>Total Other Non-Payroll Cost Increases</b>		<b>8,010</b>
Higher Charges to Capital (results in lower OpExp)		<b>(4,288)</b>
<b>Net Increase to Non-Payroll Baseline Budget</b>		<b>5,380</b>
<b>Lower ERL expense</b>		<b>(6,963)</b>
<b>Remove 2023 Budget "one-time" non-payroll items</b>		<b>(23,544)</b>
<b>Proposed Non-Payroll expense (new 2024 Budget Requests)</b>		<b>30,009</b>
<b>2024 Non-Payroll Cost Increases:</b>		<b>4,882</b>

2024 Budget Changes Summary.xlsx

**TABLE IV-8: AVIATION DECREASED CHARGES TO CAPITAL PROJECTS**

<b>Increase in 2024 Budget Charges to Capital compared to the 2023 Budget:</b>		<b>\$000's</b>
<u>Higher budgeted Charges to Capital (results in lower OpExp)</u>		
AVPMG decreased payroll costs charged to Capital	1,128	
All other increased Aviation payroll costs charged to Capital	(684)	
Increase in consulting & overhead charged to Capital	(4,733)	
<b>Total increase in Charges to Capital (decrease to OpExp)</b>		<b>(4,288)</b>

2024 Budget Changes Summary.xlsx

**TABLE IV-9: AVIATION APPROVED KEY ADDITIONS**

The following table highlights a few of the key items included in the approved additions to the 2024 Budget.

Description	Amount
Airline Realignment	7,085,236
New FTEs (39)	4,946,631
AVPMG expenses tied to CIP's	3,429,000
Planning consultant support	2,225,000
Consultant PMs for tenant projects	1,715,000
SAMP near-term project work	1,530,000
Part 150 Noise and Land Use Study	1,500,000
Janitorial contract price increase	1,300,000
SmarteCarte IAF service contract increase	1,100,000
SAF co-benefits pilot project	1,000,000
New Air Service Incentives	575,000
PFAS investigation & mitigation planning	500,000
Airfield Pavement Inspection Program	500,000
Building Information Modeling (BIM) Consultant	500,000
Decarbonization Study (grant funded)	500,000
All Other 2024 Budget Requests	6,255,158
<b>Total - 2024 Budget Requests</b>	<b>34,661,025</b>

2024 Budget Requests.xlsx

The full list of approved additions to the 2024 Budget are explained below in the context of the Problem/Need/Opportunity they are identified to address.

**TABLE IV-10: AVIATION APPROVED BUDGET ADDITIONS**

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Health & Safety	Maintain and Improve Safety of Airport Operations Area	Airfield Wildlife Habitat Management		-	50,000	50,000
		Fire Alarm Maintenance Equipment and Parts		-	120,000	120,000
		Firearm Shotgun Maintenance		7,500	-	7,500
		Firearm/Wildlife Training		30,000	-	30,000
		Maintenance Parts & Equipment		75,000	-	75,000
		Manager, SMS Safety Risk Mgmt	1	95,188	5,000	100,188
		Pre-Conditioned Air Balancing		-	100,000	100,000
		Ready Rebound/Vitality		45,000	-	45,000
	Operational Efficiencies	Training and Certification - Add'l		142,000	-	142,000
		Fire Protection Engineer	1	(1,338)	3,500	2,163
		Intermediate Mechanical Engineer	1	88,822	5,000	93,822
		Principal Engineer	1	156,636	6,500	163,136
		Ramp Tower - Add'l funding		-	200,000	200,000
		Right Sizing Baseline		27,192	-	27,192
UPM Pest Control Scope & Contract Increase			70,000	-	70,000	
<b>Health &amp; Safety Total</b>			<b>4</b>	<b>736,000</b>	<b>490,000</b>	<b>1,226,001</b>
Security	Maintain and Enhance Overall Security at the Airport	License Plate Reader Camera Lease		35,000	-	35,000
		Safety Act Certification		-	32,875	32,875
		SeeSay Airport App		-	140,101	140,101
		Senior Operations Controller	2	160,653	2,400	163,053
<b>Security Total</b>			<b>2</b>	<b>195,653</b>	<b>175,376</b>	<b>371,029</b>
Employee Engagement	Invest in Employee Training	AAE Certification		-	9,250	9,250
		Additional travel budget		12,285	-	12,285
		Onsite Airport Certified Employee - Operations Training Course, AAAE		-	20,000	20,000
		<b>Employee Engagement Total</b>				<b>12,285</b>
Community	Combat Human Trafficking	Port Anti-Human Trafficking Initiative		-	100,000	100,000
	Strategic Customer Experience Improvements	Celebration & Cultural Connections Events and Activations Procurement - ADR share		-	150,000	150,000
		Celebration & Cultural Connections Events and Activations Procurement - Tenants share		350,000	-	350,000
		Commission Initiative Public Health & Safety - Hygiene Product Vending Machines		-	200,000	200,000
		IFMA-Airport Facilities Council Spring Conference 2024 @ SEA		-	5,000	5,000
		Open Doors Organization Conference Sponsorship		-	20,000	20,000
		<b>Community Total</b>				<b>350,000</b>
Innovations & Operational Efficiencies	Asset Management, Capital Development and Delivery - provide consulting support	Asset Management Program Development - Consultation Services		-	350,000	350,000
	Asset Management, Capital Development and Delivery - provide systems support	AV Planning Software		21,800	-	21,800
		SignAgent Software & Support		11,100	-	11,100
	Community Outreach to Address Business Challenges	On-Demand Taxi Virtual Queue Education & Outreach		-	30,000	30,000
	Develop Hiring Strategy Focused on Operational Efficiency	Workforce Analysis		-	200,000	200,000
	Implement hiring strategy to increase operational effectiveness	Alternate approach - restructure "Leads" to "Supervisors" for team effectiveness		12,000	-	12,000
	Invest in Employee Training	Additional Aerobahn Onsite Training (Related to SAMS Project)		-	32,000	32,000
	Keeping up with Growth at the Airport	Assistant Manager Airfield Operations	1	128,902	4,500	133,402
		Airline Scheduling Software		81,840	15,667	97,507
		STAC Cobus Use Estimate Reimbursement - Increase		-	25,000	25,000
Leverage Employee Innovation to Solve Business Challenges	Innovation Implementation Funding, Additional		125,000	-	125,000	
Maintain and Enhance Overall Security at the Airport	Flight Corridor Safety Program Expense		-	50,000	50,000	
<b>Innovations &amp; Operational Efficiencies Total</b>			<b>1</b>	<b>380,642</b>	<b>707,167</b>	<b>1,087,809</b>

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests				
			FTEs	Baseline	One-time	TOTAL	
Economic Opportunities & Social Responsibilities	Enhance Community Engagement	Airport Minority Advisory Council Sponsorship Increase		30,000	-	30,000	
	Keeping up with Growth at the Airport	2024 New Air Service Incentives		-	575,000	575,000	
		Real Estate Strategy Market Consultant		-	50,000	50,000	
<b>Economic Opportunities &amp; Social Responsibilities Total</b>				<b>30,000</b>	<b>625,000</b>	<b>655,000</b>	
Customer Experience	Attracting & Retaining Qualified Employees	Childcare Evaluation Services		-	100,000	100,000	
		Janitorial Contract Price Increase		1,300,000	-	1,300,000	
	Customer Experience	Laborer - Parking Garage coverage	1	86,724	1,000	87,724	
		Live Music Program - ADR Portion		25,000	-	25,000	
		Live Music Program - Tenant Portion		25,000	-	25,000	
		Pathfinders - Emergency Hires (4 @ 4-6 months ea)	2	136,500	-	136,500	
		SmarteCarte IAF Baseline Increase		1,100,000	-	1,100,000	
		Technical Designer - Signage	1	91,450	7,300	98,750	
		Temporary art exhibitions		25,000	-	25,000	
		Terminal Furniture Replacement		50,000	-	50,000	
	Processing Passengers	10 Mechanical Maintenance Engineers	10	1,360,077	102,000	1,462,077	
		11 Mechanical Maintenance Engineers	11	1,492,784	112,200	1,604,984	
		2 Baggage Operations Systems Specialists	2	233,702	14,000	247,702	
		Electronic Technician - STS train coverage	1	136,427	2,500	138,927	
		Executive Program Management positions (TBD)	1	113,272	4,500	117,772	
		CBP coverage		-	250,000	250,000	
	Strategic Customer Experience Improvements	TSA Exit Lane Staffing Support		-	180,048	180,048	
		Continuation		-	100,000	100,000	
		Smart Restroom Technology Subscription		-	33,000	33,000	
		Video Remote Interpretation Expansion		-	50,000	50,000	
	<b>Customer Experience Total</b>			<b>29</b>	<b>6,175,936</b>	<b>956,548</b>	<b>7,132,484</b>
	Environment & Sustainability	Address Maintenance Needs and Standards	Fleet Telematics		-	50,000	50,000
			Additional Sanitary Sewer Flow Monitoring		20,000	-	20,000
Address Maintenance Needs and Standards, Energy Efficiency		Building Energy Efficiency Audit		-	300,000	300,000	
		Central Mechanical Plant Decarbonization Study		-	500,000	500,000	
		Utility Master Plan (Fire)		-	300,000	300,000	
		Airport Noise Mitigation	Part 150 Noise and Land Use Study		-	1,500,000	1,500,000
Attracting & Retaining Qualified Employees		Support for Commuting Resource Programming for SEA Workers		-	40,000	40,000	
		Transportation Management Association Consulting Contract		-	50,000	50,000	
Be the Greenest and Most Energy-Efficient Port in North America		Additional Renewable Natural Gas Supply (to maintain 50% GHG)		215,000	-	215,000	
		Department of Commerce Grant: Taxi & TNC electric vehicle outreach		-	40,000	40,000	
		NREL traffic simulation modeling		-	75,000	75,000	
		Sustainability Environmental Framework Support		-	30,000	30,000	
		Sustainable Aviation Fuels Co-Benefits (Environmental Attributes) Pilot Project		-	1,000,000	1,000,000	
Environmental Compliance		Land Stewardship Goals and Development Standards		-	25,000	25,000	
		NPDES permit renewal sampling		-	200,000	200,000	
		PFAS/AFFF Ongoing Investigations & Planning		-	500,000	500,000	
		Sustainable Airport Master Plan Near Term Project NEPA EA and SEPA EIS		-	1,530,000	1,530,000	
	Water Quality Source Tracing Studies		-	100,000	100,000		
Invest in Employee Training	Travel authorization increase		40,000	-	40,000		
<b>Environment &amp; Sustainability Total</b>				<b>275,000</b>	<b>6,240,000</b>	<b>6,515,000</b>	
Financial Sustainability	Prepare for Airline Lease Agreement Negotiations	Financial Consulting - Consultant Support for SLOA V Negotiations_WJ Advisors		-	160,000	160,000	
<b>Financial Sustainability Total</b>				<b>-</b>	<b>160,000</b>	<b>160,000</b>	

Problem/Need		2024 Budget Requests				
STRATEGIC FOCUS	/Opportunity	Budget Request Title	FTEs	Baseline	One-time	TOTAL
Asset Mgmt, Capital Development & Delivery	Asset Management, Capital Development and Delivery - provide consulting support	Capital Project Management Support		-	-	-
		Capital Projects with associated Expense		-	3,429,000	3,429,000
		Control Support for Expense		-	150,000	150,000
		Duty Free - ADR Advising (capital project cost)		-	-	-
		On-site consultants for Tenant Program		-	1,715,000	1,715,000
	Asset Management, Capital Development and Delivery - provide systems support	IoT/OT Asset Intelligence and Security Platform		-	90,000	90,000
		SEA BIM Modeling		-	500,000	500,000
	Maintain Airport Art	Art moving contractor		-	25,000	25,000
		Airfield Pavement		-	500,000	500,000
	Meet the Maintenance Needs and Standards of Existing and Future Facilities	Building 166B HVAC Rental		-	81,500	81,500
		AV Planning department - consulting support		-	2,225,000	2,225,000
		Rental Car Facility Condition Assessment		-	300,000	300,000
		Small Works Construction Services - Add'l Funding		-	150,000	150,000
	Strategic Capital Development	Executive Program Management positions (TBD)	3	379,931	16,500	396,431
	Support for Airline Realignment capital project	Airline Realignment		-	7,039,529	7,039,529
		Airline Realignment - N00031 Proj Controls		-	18,989	18,989
		Airline Realignment - N00039 Proj Controls		-	26,718	26,718
	Asset Mgmt, Capital Development & Delivery Total			3	529,931	16,117,236
Grand Total			39	8,685,447	25,975,577	34,661,025

**TABLE IV-11: AERONAUTICAL BUSINESS**

Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	2024	Incr (Decr) Change from 2023	
	Actual	Actual	Budget	Forecast	Budget	\$	%
<b>Rate Base Revenues</b>							
Airfield Movement Area	88,061	118,240	141,938	148,790	153,849	11,911	8.4%
Airfield Apron Area	17,146	17,211	29,330	27,503	31,827	2,496	8.5%
Terminal Rents	184,625	220,399	270,513	264,385	280,676	10,163	3.8%
Federal Inspection Services (FIS)	10,978	29,347	46,317	42,698	42,636	(3,680)	-7.9%
<b>Total Rate Base Revenues</b>	<b>300,810</b>	<b>385,197</b>	<b>488,098</b>	<b>483,377</b>	<b>508,988</b>	<b>20,890</b>	<b>4.3%</b>
Airfield Commercial Area	16,702	17,343	16,850	17,214	19,022	2,171	12.9%
<b>Subtotal before Revenue Sharing</b>	<b>317,513</b>	<b>402,541</b>	<b>504,948</b>	<b>500,591</b>	<b>528,010</b>	<b>23,061</b>	<b>4.6%</b>
<b>Total Aeronautical Revenues</b>	<b>317,513</b>	<b>402,541</b>	<b>504,948</b>	<b>500,591</b>	<b>528,010</b>	<b>23,061</b>	<b>4.6%</b>
<b>Total Aeronautical Expenses</b>	<b>203,573</b>	<b>261,574</b>	<b>320,649</b>	<b>321,056</b>	<b>349,189</b>	<b>28,540</b>	<b>8.9%</b>
<b>Aeronautical NOI</b>	<b>113,940</b>	<b>140,967</b>	<b>184,300</b>	<b>179,535</b>	<b>178,820</b>	<b>(5,479)</b>	<b>-3.0%</b>

**TABLE IV-12: AERONAUTICAL COST DRIVERS – RATE BASE ONLY**

<b>\$ in 000's</b>	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Impact on Aero Revenues Budget vs Budget</b>	
			<b>\$</b>	<b>%</b>
O&M <sup>(1)</sup>	310,618	339,263	28,645	9.2%
Debt Service Before Offsets	234,463	225,815	(8,647)	-3.7%
Debt Service PFC Offset	(89,720)	(91,493)	(1,773)	2.0%
Federal Relief Grants Debt Service	-	-	-	0.0%
Net Debt Service	144,743	134,322	(10,421)	-7.2%
Amortization	35,561	36,873	1,312	3.7%
Space Vacancy	(2,066)	(712)	1,354	-65.5%
TSA Operating Grant and Other	(758)	(758)	(0)	0.0%
<b>Rate Base Revenues</b>	<b>488,098</b>	<b>508,988</b>	<b>20,890</b>	<b>4%</b>
Commercial area	16,850	19,022	2,171	13%
<b>Total Aero Revenues</b>	<b>504,948</b>	<b>528,010</b>	<b>23,061</b>	<b>5%</b>

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

**Aero Cost Driver Highlights (Change compared to 2023 Budget):**

- Aeronautical rate-based operating expenses increased by \$28.5M. Below is the breakout of the Aero Operating Expenses:
  - Aero direct O&M increase of \$19.6M (about 38% of increase is from payroll, 62% is from non-payroll)
    - Payroll increase of \$7.4M – includes aeronautical share of inflation increase from 2023 payroll increases, annualization of new positions added in 2023, and new positions approved 2024 budget. Payroll reflects a larger standard increase for 2024 payroll year due to increased inflation, although lower than 2023 inflation.
    - Outside Services Contract increase of \$7.8M increase from various contractual increases (some scope increases and some inflationary price increases), new contracts and one-time items including: \$2.9M in expense work related to capital projects including Airline Realignment, SEA Gateway; STS Train Control, Airfield Pavement and others; \$2.1M Janitorial Service contract increases; \$1.1M IAF Smarte Carte increase; \$1.0M increase in Part150 Noise Study; \$0.5M Airport Consolidated Contract increase; plus net \$0.2M various Planning items and other one-time expense.
    - Other Expenses [Equipment (\$123K), Utilities \$204K, Supplies \$62K, Promo (\$326K), Travel \$42K, General/Other \$1.2M] increases of \$1.0M – includes various small changes in baseline and one-time budget requests.
    - Environmental Remediation Liability (ERL) expense (\$6.9M) decrease – current budget expects very little ERL in 2024.
    - Overhead Allocations, Divisional Allocations, and Internal Utility Allocations increase of \$8.7M.
  - Other Division Allocations increase of \$9.0M
- Debt Service net decreased by (\$10.4M):
  - Debt Service before offsets (\$8.6M) decrease is a result of the offsetting impact of higher debt service for projects in the Terminal and Baggage cost centers against lower debt service for

projects in the Airfield Movement Area. The increase for Terminal and Baggage is primarily from higher payments on the 2021C bond series set for 2024, which was primarily used to finance projects in those two cost centers, including North Main Terminal Redevelopment Phase 1, and Checked Bag Recap/Optimization Phase2. Lower debt service for the Airfield Movement Area is the result of final payments on the 2021A ref. 2010A PFC bond series occurring in 2023, a series with most funds used for Airfield projects, including Third Runway Construction and Runway Land Acquisition.

- 2024 budget PFC offsets are budgeted higher due to higher collections from recovering passenger levels.
- Amortization equity, use of Airport Development Funds (ADF) to fund construction capital projects is higher by \$1.3M:
  - New assets came online including: Airfield Snow Equipment, Highline School Insulation, and Airfield Pavement projects.
- Space vacancy – (\$0.7M) credit decrease primarily due to lower vacancy sq ft.

**TABLE IV-13: NON-AERONAUTICAL BUSINESS**

Non-Aeronautical NOI (\$ in 000's)	2020	2021	2022	2023	2023	2024	Incr (Decr) Change from 2023	
	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%
<b>Non-Aeronautical Revenues</b>								
Public Parking	34,502	64,104	88,899	96,768	109,149	111,036	14,268	14.7%
Rental Cars	16,637	34,740	56,473	53,830	61,868	61,599	7,769	14.4%
Ground Transportation	6,557	11,947	20,804	24,324	24,850	25,517	1,192	4.9%
Airport Dining & Retail	25,418	38,693	55,719	64,520	66,436	71,332	6,812	10.6%
Clubs and Lounges	2,043	3,478	8,688	9,859	11,424	12,024	2,165	22.0%
Utilities	5,672	6,350	7,943	8,541	8,498	10,153	1,612	18.9%
All Other	25,644	27,635	37,224	38,510	40,791	41,270	2,759	7.2%
<b>Non-Aero Revenue before grants</b>	<b>116,473</b>	<b>183,819</b>	<b>276,159</b>	<b>296,352</b>	<b>323,017</b>	<b>332,930</b>	<b>36,578</b>	<b>12.3%</b>
less Concession Relief grants	-	(5,301)	(19,546)	(250)	(1,918)	-	250	-100.0%
<b>Total Non-Aeronautical Revenues</b>	<b>116,473</b>	<b>178,518</b>	<b>256,613</b>	<b>296,102</b>	<b>321,098</b>	<b>332,930</b>	<b>36,828</b>	<b>12.4%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>109,802</b>	<b>90,644</b>	<b>121,130</b>	<b>139,887</b>	<b>138,219</b>	<b>153,211</b>	<b>13,324</b>	<b>9.5%</b>
<b>Non-Aeronautical NOI</b>	<b>6,671</b>	<b>93,175</b>	<b>135,483</b>	<b>156,216</b>	<b>182,880</b>	<b>179,720</b>	<b>23,504</b>	<b>15.0%</b>
Less: CFC Surplus	(6,834)	-	-	(5,829)	(6,603)	(7,429)	(1,599)	27.4%
<b>Adjusted Non-Aeronautical NOI</b>	<b>(163)</b>	<b>93,175</b>	<b>135,483</b>	<b>150,386</b>	<b>176,276</b>	<b>172,291</b>	<b>21,905</b>	<b>14.6%</b>

**Non-Aeronautical Highlights (Change compared to 2023 Budget):**

**Non-Aeronautical Revenue**

Non-Aeronautical Operating Revenue recovered strongly in 2022 and continued that strong growth during 2023. In some lines of business, this recovery outpaced the rate of recovery in returning passenger volumes. The strong Non-Aero revenue recovery is expected to continue into 2024.

- Parking – demand for close-in parking continues to outpace the recovery of passenger volumes. A tariff parking rate increase in both 2022 and 2023 was well received and did not reduce demand for close-in parking.
- Rental Cars – concession revenue remained high in 2022 and in continuing in 2023, due to elevated rental rates from continued constraints in fleet availability for some operators, partially offset by lower customer facility charge (CFC) collections. Remaining fleet shortages are expected to largely be resolved by year-end 2023, which is expected to shift rental car concession revenue toward lower more stabilized levels, while CFC earnings are expected to continue recovering in 2024.

- Ground Transportation (GT) – GT trip activity recovered more slowly during the initial years of the pandemic, due to a strong shift in customer preference away from share-ride transportation options. This trend began to ease by year-end 2021, with strengthening recovery in 2022 and 2023. Demand for TNC trips and taxi operations is expected to grow at a slower rate in 2024.
- Airport Dining & Retail (ADR) – passenger demand for a wide range of ADR offerings has outpaced the rate of recovering passenger volumes. Advertising revenue has recovered strongly in 2023 and is expected to continue in 2024. The growth in passenger demand is dampened by ongoing construction impacts inside the airport terminal which have resulted in temporary ADR unit closures and restricted access to existing ADR tenant units. In addition, labor shortages continue to impact concessionaire ability to serve growing passenger volumes. Terminal construction projects will continue in the near future, and ADR revenue in the 2024 Budget reflects the known impacts from those ongoing construction projects.
- Clubs & Lounges – lounge revenue recovered more slowly during the initial years of the pandemic, due to slower recovery in international passenger volumes. Lounge utilization began to recovery strongly in 2022 and 2023. Demand growth for lounge usage is expected to continue in 2024.
- Commercial Properties and other Non-Aeronautical lines of business with revenue primarily from real estate leases structured as space rent on a specified rate per sq ft basis have been relatively unaffected by the COVID-19 decline in enplanements. This stable revenue source is expected to remain steady in the 2023 Budget.

**Non-Aeronautical Operating Expense**

The Non-Aeronautical share of 2024 Budget operating expenses are budgeted to increase \$13.3M (9.5%), due to increases in operating expenses closely aligned with returning passenger volumes, costs in support of the airport’s expanding capital programs, and strategic increases in support of key initiatives.

**TABLE IV-14: NON-AERONAUTICAL KEY INDICATORS**

	2020	2021	2022	2023	2023	2024	Incr (Decr)	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	Change from 2023	%
							\$	
<b>Non-Aero Revenues per Enplanments</b>								
Public Parking	3.44	3.55	3.87	3.96	4.29	4.20	0.24	6.0%
Rental Cars	1.66	1.92	2.46	2.20	2.43	2.33	0.13	5.7%
Rental Cars - Operations	1.66	1.81	1.93	1.61	1.77	1.60	(0.01)	-0.9%
Rental Cars - Operating CFC	-	0.11	0.53	0.59	0.66	0.73	0.14	23.8%
Ground Transportation	0.65	0.66	0.91	1.00	0.98	0.96	(0.03)	-3.1%
Employee Parking	0.88	0.50	0.46	0.43	0.42	0.44	0.01	2.9%
<b>Landside Total</b>	<b>6.63</b>	<b>6.63</b>	<b>7.70</b>	<b>7.58</b>	<b>8.11</b>	<b>7.93</b>	<b>0.35</b>	<b>4.6%</b>
Airport Dining & Retail	2.53	2.14	2.43	2.64	2.61	2.70	0.06	2.1%
Tenant Marketing	0.03	0.05	0.06	0.07	0.07	0.07	0.00	4.9%
Commercial Properties	1.07	0.69	0.73	0.69	0.78	0.77	0.08	11.7%
Non-Airline Terminal Leased Space	0.58	0.33	0.29	0.37	0.32	0.25	(0.12)	-31.6%
Clubs and Lounges	0.20	0.19	0.38	0.40	0.45	0.45	0.05	12.7%
AOB Conference Center	0.01	0.00	0.01	0.01	0.01	0.01	0.00	22.6%
<b>Commercial Management Total</b>	<b>4.42</b>	<b>3.42</b>	<b>3.88</b>	<b>4.18</b>	<b>4.23</b>	<b>4.26</b>	<b>0.08</b>	<b>1.8%</b>
Utilities	0.56	0.35	0.35	0.35	0.33	0.38	0.03	9.8%
Other	(0.01)	(0.05)	0.08	0.01	0.01	0.01	0.00	38.9%
<b>Total Revenue per Enplanement</b>	<b>11.60</b>	<b>10.34</b>	<b>12.01</b>	<b>12.12</b>	<b>12.68</b>	<b>12.58</b>	<b>0.46</b>	<b>3.8%</b>
<b>ADR Sales per Enplanement</b>	<b>13.55</b>	<b>13.97</b>	<b>15.99</b>	<b>17.18</b>	<b>17.01</b>	<b>17.75</b>	<b>0.57</b>	<b>3.3%</b>
<b>Enplanements (# in 000's)</b>	<b>10,044</b>	<b>18,073</b>	<b>22,966</b>	<b>24,444</b>	<b>25,470</b>	<b>26,457</b>	<b>2,014</b>	<b>8.2%</b>

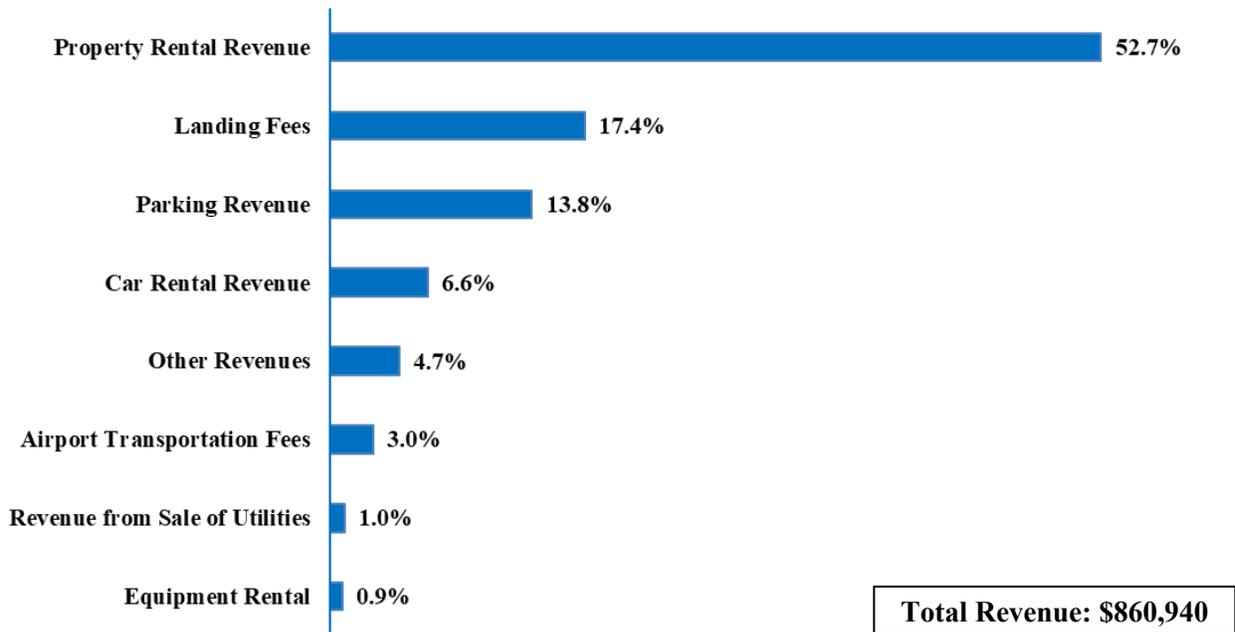
**TABLE IV-15: AVIATION REVENUE BY ACCOUNT**

(\$ in 000's)	2021	2022	2023	2024	% Change
Revenue by Account	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Revenue</b>					
Equipment Rental	\$ 7,746	\$ 8,545	\$ 8,122	\$ 7,355	-9.4%
Landing Fees	85,201	114,043	138,404	149,668	8.1%
Airport Transportation Fees	11,889	20,722	24,261	25,453	4.9%
Parking Revenue	71,095	96,420	103,486	118,557	14.6%
Car Rental Revenue	30,640	52,215	49,501	57,250	15.7%
Revenue from Sale of Utilities	5,665	6,883	7,480	8,465	13.2%
Property Rental Revenue	268,382	333,106	433,198	453,375	4.7%
Other Revenues	23,589	26,038	36,598	40,815	11.5%
<b>Total Operating Revenue</b>	<b>\$504,207</b>	<b>\$657,972</b>	<b>\$801,051</b>	<b>\$860,940</b>	<b>7.5%</b>

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**FIGURE IV-4: AVIATION REVENUE BY ACCOUNT**

(\$ in 000's)



**TABLE IV-16: AVIATION OPERATING & MAINTANENCE EXPENSES BY ACCOUNT**

(in 000's)		2021	2022	2023	2024	% Change
Expense by Account	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Expense</b>						
Salaries, Wages, Benefits & Worker's Comp		\$ 159,951	\$ 171,557	\$ 192,398	\$ 213,450	10.9%
Equipment Expense		3,918	7,231	5,375	5,888	9.5%
Utilities		20,185	22,889	22,346	23,963	7.2%
Supplies & Stock		7,142	8,797	6,203	6,341	2.2%
Outside Services		62,603	75,864	109,448	121,888	11.4%
Travel & Other Employee Expenses		689	1,852	2,615	2,972	13.7%
Promotional Expenses		438	1,537	1,118	839	-25.0%
Other Expenses		10,628	15,805	19,286	20,669	7.2%
<b>Total O&amp;M without Environmental</b>		<b>265,554</b>	<b>305,533</b>	<b>358,789</b>	<b>396,009</b>	<b>10.4%</b>
Environmental Remediation Liability Expense		1,583	(1,274)	7,120	157	-97.8%
<b>Total O&amp;M with Environmental</b>		<b>267,136</b>	<b>304,258</b>	<b>365,909</b>	<b>396,166</b>	<b>8.3%</b>
Charges to Capital/Govt/Envrs Projects		(22,397)	(20,460)	(32,939)	(37,228)	13.0%
<b>Total O&amp;M Expenses w/o Pension Credit</b>		<b>244,739</b>	<b>283,798</b>	<b>332,970</b>	<b>358,938</b>	<b>7.8%</b>
DRS Pension Credit		(22,645)	(6,659)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	1)	<b>\$222,094</b>	<b>\$277,139</b>	<b>\$332,970</b>	<b>\$358,938</b>	<b>7.8%</b>

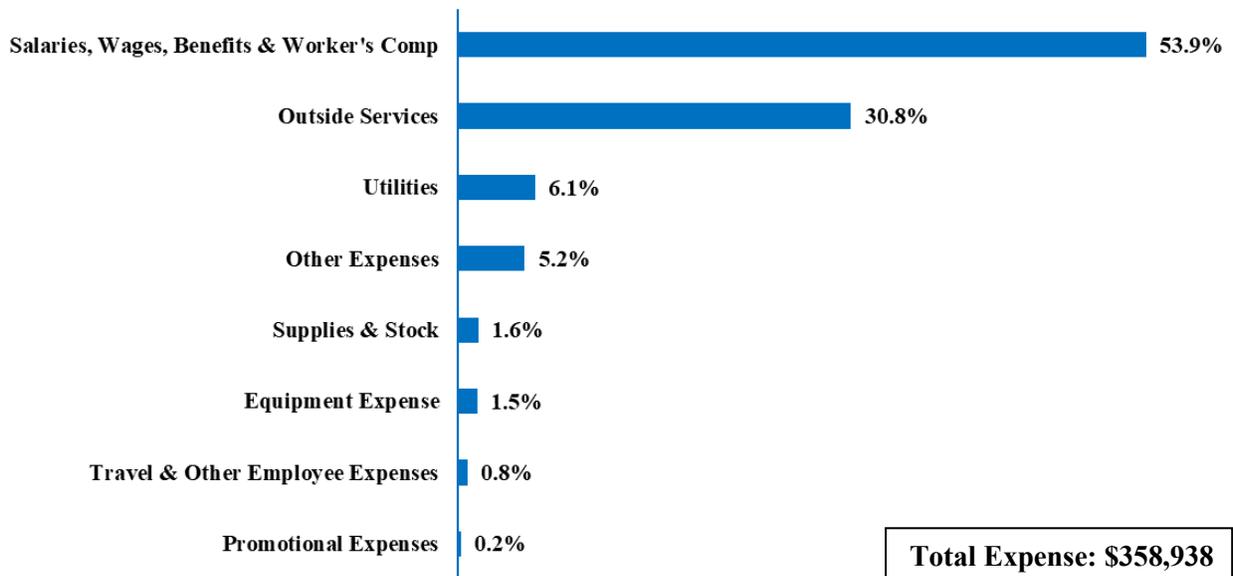
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Note:

1) Tables IV-16, 17 & 18 differ from Table IV-2, in that they only reflect the division expenses and do not include Central Services allocations.

**FIGURE IV-5: AVIATION EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE IV-17: AVIATION REVENUE BY BUSINESS GROUP/DEPARTMENT**

AVIATION DIVISION (\$ in 000's)	2021	2022	2023	2023	2024	Incr/(Decr) Change from 2023	
	Actual	Actual	Forecast	Budget	Proposed Budget	\$	%
<b><u>AIRLINE REVENUES</u></b>							
<b>Rate Base Revenues</b>							
Airfield Movement Area	88,061	118,240	148,790	141,938	153,849	11,911	8.4%
Airfield Apron Area	22,016	17,211	27,503	29,330	31,827	2,496	8.5%
Terminal Rents	205,283	220,399	264,385	270,513	280,676	10,163	3.8%
Federal Inspection Services (FIS)	10,978	29,347	42,698	46,317	42,636	(3,680)	-7.9%
<b>Total Rate Base Revenues</b>	<b>326,339</b>	<b>385,197</b>	<b>483,377</b>	<b>488,098</b>	<b>508,988</b>	<b>20,890</b>	<b>4.3%</b>
Airfield Commercial Area	16,702	17,343	17,214	16,850	19,022	2,171	12.9%
<b>Subtotal before Revenue Sharing</b>	<b>343,041</b>	<b>402,541</b>	<b>500,591</b>	<b>504,948</b>	<b>528,010</b>	<b>23,061</b>	<b>4.6%</b>
<b>Total Aeronautical Revenues</b>	<b>343,041</b>	<b>402,541</b>	<b>500,591</b>	<b>504,948</b>	<b>528,010</b>	<b>23,061</b>	<b>4.6%</b>
<b><u>NON-AIRLINE REVENUES</u></b>							
Public Parking	64,104	88,899	109,149	96,768	111,036	14,268	14.7%
Rental Cars	34,740	56,473	61,868	53,830	61,599	7,769	14.4%
Ground Transportation	11,947	20,804	24,850	24,324	25,517	1,192	4.9%
Airport Dining & Retail	35,565	36,581	64,518	64,270	71,332	7,062	11.0%
Other	37,463	53,856	60,713	56,910	63,447	6,536	11.5%
<b>Total Non-Aeronautical Revenues</b>	<b>183,819</b>	<b>256,613</b>	<b>321,098</b>	<b>296,102</b>	<b>332,930</b>	<b>36,828</b>	<b>12.4%</b>
<b>Total Operating Revenues (S3000 basis)</b>	<b>526,860</b>	<b>659,153</b>	<b>821,689</b>	<b>801,051</b>	<b>860,940</b>	<b>59,889</b>	<b>7.5%</b>

**TABLE IV-18: AVIATION EXPENSE BY BUSINESS GROUP/DEPARTMENT**

	2021	2022	2023	2023	2024	Incr/(Decr) Change from 2023	
	Actual	Actual	Forecast	Budget	Proposed Budget	\$	%
<b>Expenses After Charges to Cap/Govt/Envrs Projects</b>							
<b><u>BUSINESS UNITS</u></b>							
Airport Operations	38,757	46,576	57,736	60,006	65,086	5,080	8.5%
Aviation Utilities	21,862	24,983	25,703	25,665	27,467	1,801	7.0%
AV Commercial Management	4,048	5,536	9,304	11,628	12,777	1,149	9.9%
Aiport Properties	4,084	6,285	8,694	9,085	9,980	895	9.8%
<b>TOTAL BUSINESS UNITS</b>	<b>68,751</b>	<b>83,380</b>	<b>101,438</b>	<b>106,385</b>	<b>115,310</b>	<b>8,925</b>	<b>8.4%</b>
<b><u>AVIATION SERVICES</u></b>							
OperationalReadinessActivation	1,015	1,046	1,054	1,047	1,113	66	6.4%
Aviation Director's Office	1,242	2,344	2,904	3,190	2,973	(217)	-6.8%
Aviation Building Department	213	613	1,349	1,907	1,760	(147)	-7.7%
Airport Innovation	632	721	952	1,156	1,334	178	15.4%
Aviation Division Contingency	(0)	0	(2,640)	(9,900)	(7,465)	2,435	-24.6%
Fire Department	14,005	24,427	24,983	22,153	24,755	2,603	11.7%
Airport Security	12,210	16,752	21,555	20,500	22,767	2,267	11.1%
Customer Service Department	3,671	5,183	6,831	6,896	7,606	710	10.3%
AV Maintenance	99,070	115,208	123,414	128,745	137,475	8,730	6.8%
Aviation Finance & Budget	2,104	2,662	3,703	3,441	3,828	386	11.2%
Noise Programs	699	1,054	1,376	1,741	2,882	1,140	65.5%
AV Environmental Programs Grp	4,373	5,367	7,411	8,720	8,943	224	2.6%
<b>TOTAL AVIATION SERVICES</b>	<b>139,234</b>	<b>175,376</b>	<b>192,893</b>	<b>189,595</b>	<b>207,970</b>	<b>18,376</b>	<b>9.7%</b>
<b><u>CAPITAL DEVELOPMENT PROGRAM</u></b>							
AV Facilities & Captl Programs	7,447	8,414	12,394	13,774	14,012	239	1.7%
AV Project Management Group	362	3,620	7,248	11,749	16,848	5,099	43.4%
Planning, Development and Infr	-	32	613	398	503	105	26.4%
Project Controls	-	818	1,211	746	808	62	8.3%
Special Programs	-	-	-	-	398	398	
<b>TOTAL CAPITAL DEVELOPMENT PROGRAM</b>	<b>7,810</b>	<b>12,884</b>	<b>21,466</b>	<b>26,667</b>	<b>32,570</b>	<b>5,903</b>	<b>22.1%</b>
<b><u>OTHER</u></b>							
AV Risk Expenses	3,462	4,418	3,203	3,203	2,931	(272)	-8.5%
AV Environmental Reserve	1,583	(1,274)	11,027	7,120	157	(6,963)	-97.8%
Aviation Capital to Expense	1,254	2,356	470	-	-	-	
<b>TOTAL OTHER</b>	<b>6,299</b>	<b>5,499</b>	<b>14,700</b>	<b>10,323</b>	<b>3,088</b>	<b>(7,235)</b>	<b>-70.1%</b>
<b>Total Operating Expenses (Org Basis)</b>	<b>222,094</b>	<b>277,139</b>	<b>330,497</b>	<b>332,970</b>	<b>358,938</b>	<b>25,968</b>	<b>7.8%</b>

**E. STAFFING**

**TABLE IV-19: AVIATION STAFFING**

STAFFING (Full-Time Equivalent Positions)		2021	2022	2023	2023	2024	# Change	% Change
BUSINESS GROUP/DEPARTMENT	Notes	Actual	Actual	Budget	Est. Act.	Budget	2023 Bud- 2024 Bud	2023 Bud- 2024 Bud
<b>AIRPORT OPERATIONS</b>								
Aeronautical Business Group		89.0	95.0	96.0	97.0	101.0	5.0	5.2%
Landside Business Group		147.1	148.1	149.1	151.1	152.1	3.0	2.0%
<b>Airport Operations</b>		<b>236.1</b>	<b>243.1</b>	<b>245.1</b>	<b>248.1</b>	<b>253.1</b>	<b>8.0</b>	<b>3.3%</b>
<b>COMMERCIAL MANAGEMENT</b>								
Aviation Properties		14.0	14.0	14.0	14.0	14.0	0.0	0.0%
Airport Dining & Retail		11.2	11.2	12.2	12.2	12.2	0.0	0.0%
AV Commercial Management		4.0	4.0	4.0	4.0	4.0	0.0	0.0%
Parking Revenue Management		4.0	4.0	4.0	4.0	4.0	0.0	0.0%
AV Commercial Mgmt & Analysis		2.0	2.0	2.0	2.0	2.0	0.0	0.0%
Airport Office Building Mgmt		7.2	7.0	7.0	8.1	8.1	1.1	16.0%
Utilities		4.0	4.0	6.0	6.0	6.0	0.0	0.0%
<b>Commercial Management</b>		<b>46.4</b>	<b>46.2</b>	<b>49.2</b>	<b>50.3</b>	<b>50.3</b>	<b>1.1</b>	<b>2.3%</b>
<b>AVIATION SERVICES</b>								
Airport Director's Office		10.0	8.0	8.0	8.0	8.0	0.0	0.0%
Customer Service		39.2	36.2	38.2	38.2	40.2	2.0	5.2%
Airport Innovation		6.0	5.0	5.0	5.0	5.0	0.0	0.0%
Capital Dev Prog Mgmt		8.0	8.0	8.0	9.0	9.0	1.0	12.5%
Fire Department		101.0	106.0	108.0	108.0	109.0	1.0	0.9%
Planning		6.0	5.0	5.0	5.0	5.0	0.0	0.0%
Airport Security		212.0	183.5	183.5	184.5	184.5	1.0	0.5%
Maintenance		435.0	440.0	445.0	445.0	470.0	25.0	5.6%
Aviation Project Management		70.0	62.9	63.9	63.9	63.9	0.0	0.0%
Capital Development Program			21.0	23.0	23.0	26.0	3.0	
Aviation F&B		17.0	17.0	18.0	18.0	18.0	0.0	0.0%
Aviation Environmental		19.0	19.0	20.0	20.0	20.0	0.0	0.0%
Noise		7.0	7.0	8.0	8.0	8.0	0.0	0.0%
<b>Total Aviation Services</b>		<b>930.2</b>	<b>918.6</b>	<b>933.6</b>	<b>935.6</b>	<b>966.6</b>	<b>33.0</b>	<b>3.5%</b>
<b>FACILITIES</b>								
Facilities & Infrastructure		26.0	26.0	28.0	28.0	30.0	2.0	7.1%
AV Signage		6.0	6.0	6.0	6.0	7.0	1.0	16.7%
Aviation Building Department		8.0	8.0	9.0	9.0	9.0	0.0	0.0%
<b>Total Facilities</b>		<b>40.0</b>	<b>40.0</b>	<b>43.0</b>	<b>43.0</b>	<b>46.0</b>	<b>3.0</b>	<b>7.0%</b>
<b>TOTAL AVIATION DIVISION</b>		<b>1,252.78</b>	<b>1,247.91</b>	<b>1,270.91</b>	<b>1,277.03</b>	<b>1,316.03</b>	<b>45.12</b>	<b>3.6%</b>

FTE.XLS

**TABLE IV-20: AVIATION FULL-TIME EQUIVALENT STAFF POSITIONS (FTEs) – SUMMARY OF CHANGES**

The below table is a summary of all changes in Aviation FTEs from the 2023 Budget to the 2024 Budget.

CHANGES IN FTEs		
2024 Proposed Budget FTEs	FTEs	%
<b>2023 Approved Budget - funded FTEs</b>	<b>1,270.91</b>	
<b>2023 Changes in FTEs during the year</b>		
2023 FTE transfer from Central Services	1.00	
2023 mid-year FTE additions - new FTEs	9.12	
Other FTE adjustments during 2023	(4.00)	
<b>2023 Mid-year Changes in FTEs</b>	<b>6.12</b>	<b>0.5%</b>
<b>FTEs in 2024 Baseline Budget BEFORE Budget Requests</b>	<b>1,277.03</b>	
<b>New FTEs in the 2024 Budget - strategic functions</b>	<b>39.00</b>	<b>3.1%</b>
<b>FTEs in Proposed Aviation 2024 Budget</b>	<b>1,316.03</b>	<b>3.6%</b>
<i>Note: incremental % changes compared to FTEs funded in the 2023 Approved Budget</i>		
2024 Budget - Summary of FTE changes.xlsx		

**TABLE IV-21: AVIATION NEW STAFFING**

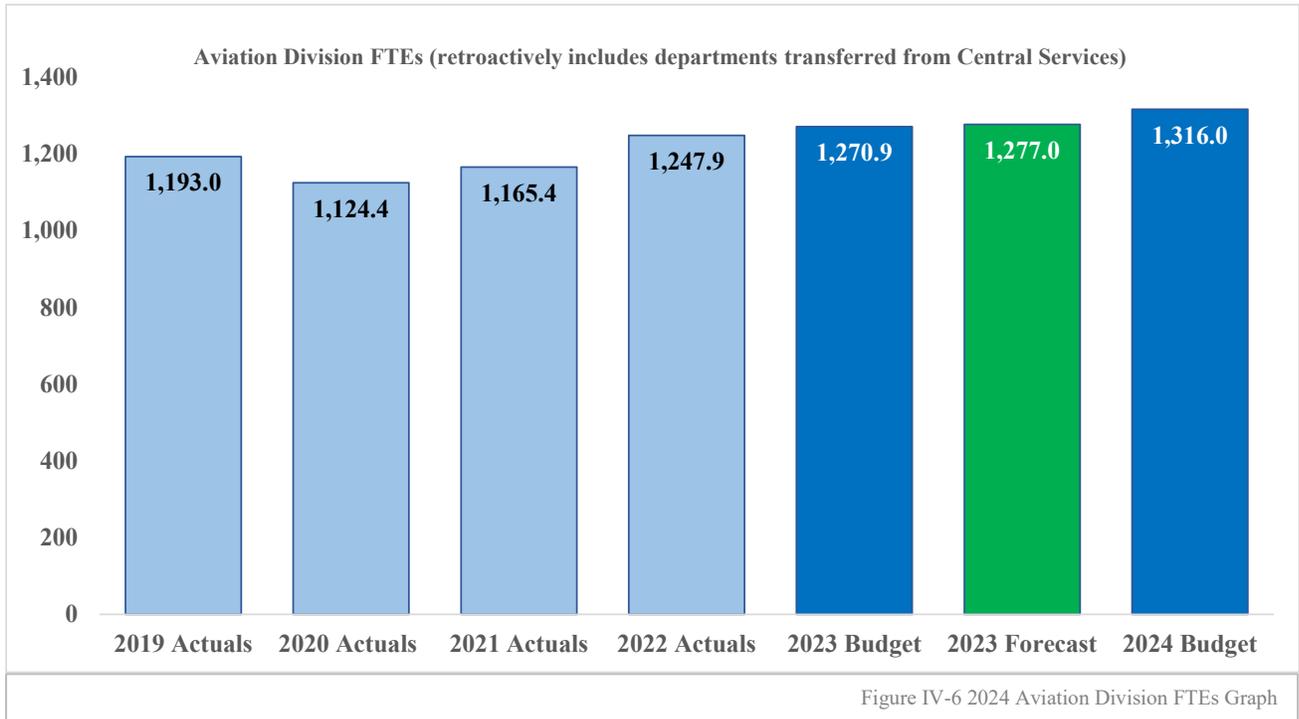
The table below provides a detailed listing of the new FTEs in the 2024 Budget.

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Health & Safety	Maintain and Improve Safety of Airport Operations Area	Manager, SMS Safety Risk Mgmt	1	95,188	5,000	100,188
		Fire Protection Engineer	1	(1,338)	3,500	2,163
	Operational Efficiencies	Intermediate Mechanical Engineer	1	88,822	5,000	93,822
		Principal Engineer	1	156,636	6,500	163,136
<b>Health &amp; Safety Total</b>			<b>4</b>	<b>339,308</b>	<b>20,000</b>	<b>359,309</b>
Security	Maintain and Enhance Overall Security at the Airport	Senior Operations Controller	2	160,653	2,400	163,053
<b>Security Total</b>			<b>2</b>	<b>160,653</b>	<b>2,400</b>	<b>163,053</b>
Innovations & Operational Efficiencies	Keeping up with Growth at the Airport	Assistant Manager Airfield Operations	1	128,902	4,500	133,402
<b>Innovations &amp; Operational Efficiencies Total</b>			<b>1</b>	<b>128,902</b>	<b>4,500</b>	<b>133,402</b>
Customer Experience	Customer Experience	Laborer - Parking Garage coverage	1	86,724	1,000	87,724
		Pathfinders - Emergency Hires (4 @ 4-6 months ea)	2	136,500	-	136,500
		Technical Designer - Signage	1	91,450	7,300	98,750
	Processing Passengers	Mechanical Maintenance Engineers - primarily air (HVAC) and water systems	10	1,360,077	102,000	1,462,077
		Mechanical Maintenance Engineers - primarily baggage system and passenger loading bridges	11	1,492,784	112,200	1,604,984
		Baggage Operations Systems Specialists	2	233,702	14,000	247,702
Electronic Technician - STS train coverage	1	136,427	2,500	138,927		
Executive Program Management positions (TBD)	1	113,272	4,500	117,772		
<b>Customer Experience Total</b>			<b>29</b>	<b>3,650,936</b>	<b>243,500</b>	<b>3,894,436</b>
Asset Mgmt, Capital Development & Delivery	Strategic Capital Development	Executive Program Management positions (TBD)	3	379,931	16,500	396,431
<b>Asset Mgmt, Capital Development &amp; Delivery Total</b>			<b>3</b>	<b>379,931</b>	<b>16,500</b>	<b>396,431</b>
<b>Grand Total</b>			<b>39</b>	<b>4,659,730</b>	<b>286,900</b>	<b>4,946,631</b>

**FIGURE IV-6: AVIATION FTEs**

The graph below provides an overview of airport FTEs over a six-year period, and intentionally excluded those FTEs held vacant and unfunded in 2020 & 2021 & 2022 Actuals in order to provide visibility to the pandemic response staffing/hiring decisions which reduced payroll costs without implementing personnel layoffs or furloughs. As of year-end 2022, all remaining vacant and unfunded positions were permanently eliminated.

This graph also retroactively reflects the transfer of (4) Central Services departments to the Aviation division in 2020 and 2021 for reporting purposes. The transferred departments, which have exclusively supported the Airport over this entire six-year period and have historically direct charged 100% of their department costs to the Aviation Division are: Aviation Project Management Group, Aviation Finance & Budget, Aviation Environmental Programs, and Aviation Noise Programs.



**F. AVIATION CAPITAL BUDGET**

The business assessment at the beginning of this section provides the context for the following capital budget for the Aviation Division.

The Aviation Division’s capital plan for 2024–2028 calls for spending of \$5.0B. Five mega projects account for \$2.3B of the spending which include Baggage Recapitalization/Optimization, Main Terminal Improvements, C Concourse Expansion, S Concourse Evolution, and SEA Gateway. Two projects totaling \$394M spending through 2028 were proposed for inclusion as “business plan prospective.” A total of \$116M is included for the preliminary planning and design of the Sustainable Airport Master Plan (SAMP). A total of \$526M remains in the Reserve Capital Improvement Projects (CIPs), which is undesignated future spending that will account for undefined future projects or budget increases to existing projects. The CIP Reserve is implemented for the 2024 budget to adjust the cash-flow to reflect projects’ spending trends.

**TABLE IV-22: AVIATION PROPOSED CIP**

	Cash Flows (Figures in \$000s)						
	2023	2024	2025	2026	2027	2028	2024 - 28 TOTAL
<b>Mega Projects</b>							
Baggage Optimization	98,033	111,869	112,348	110,465	106,300	73,200	514,182
C Concourse Expansion	41,303	109,662	181,494	29,914	5,502	-	326,572
SEA Gateway	53,779	106,366	193,150	110,952	48,109	-	458,577
S Concourse Evolution	6,964	29,419	76,184	168,615	241,362	277,310	792,890
Main Terminal Improvement	1,311	5,042	12,773	12,200	63,223	106,201	199,439
<b>Subtotal - Mega Projects</b>	<b>201,390</b>	<b>362,358</b>	<b>575,949</b>	<b>432,146</b>	<b>464,496</b>	<b>456,711</b>	<b>2,291,660</b>
Other Capital Projects	296,703	481,046	521,432	380,873	284,014	179,731	1,847,096
SAMP Preliminary Planning / Design	921	1,214	18,250	30,250	48,500	77,000	175,214
Proposed New Projects	100	2,900	10,000	23,000	45,999	33,998	115,897
CIPs Reserves	-	12,000	40,000	87,000	146,638	240,191	525,829
<b>Subtotal</b>	<b>297,724</b>	<b>497,160</b>	<b>589,682</b>	<b>521,123</b>	<b>525,151</b>	<b>530,920</b>	<b>2,664,036</b>
CIP Cashflow Adj Reserve	-	(141,920)	85,152	56,768	-	-	-
<b>Total Proposed CIP</b>	<b>499,114</b>	<b>717,598</b>	<b>1,250,783</b>	<b>1,010,037</b>	<b>989,647</b>	<b>987,631</b>	<b>4,955,696</b>

- Five mega projects account for \$2.3B.
- Proposing two new projects totaling \$116M spending through 2028.
- Budget includes place-holder spending for undefined future projects (called “CIPs Reserves”) in amount of \$526M.
- Proposing Sustainable Airport Master Plan (SAMP) preliminary planning/design spending of \$175.2M through 2028 (\$300M approved total in the airlines Signatory Lease and Operating Agreement).
- Besides preliminary planning/design funds, budget does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP).

**TABLE IV-23: AVIATION CAPITAL PROJECTS:**

Capital Projects	2023	Cash Flows (Figures in \$000s)					2024 - 28 TOTAL
		2024	2025	2026	2027	2028	
<b>Construction Authorized (Status 5-6)</b>							
Baggage Optimization	98,033	111,869	112,348	110,465	106,300	73,200	514,182
SEA Gateway	53,779	106,366	193,150	110,952	48,109	-	458,577
2021-25 AFLD Pvmnt&Spprt Infr	27,262	47,494	25,568	9,358	-	-	82,420
Concourse A Lounge Expansion	33,399	47,748	35,101	-	-	-	82,849
MT Low Voltage Sys Upgrade	17,050	26,000	26,000	25,500	6,861	-	84,361
<b>Subtotal</b>	<b>229,523</b>	<b>339,477</b>	<b>392,167</b>	<b>256,275</b>	<b>161,270</b>	<b>73,200</b>	<b>1,222,389</b>
Other Construction Authorized Capital Projects	173,923	213,408	163,992	51,466	32,661	3,927	465,454
<b>Total - Construction Authorized</b>	<b>403,446</b>	<b>552,885</b>	<b>556,159</b>	<b>307,741</b>	<b>193,931</b>	<b>77,127</b>	<b>1,687,843</b>
<b>Design Authorized (Status 4)</b>							
S Concourse Evolution	6,964	29,419	76,184	168,615	241,362	277,310	792,890
C Concourse Expansion	41,303	109,662	181,494	29,914	5,502	-	326,572
IWTP Program	959	481	13,140	43,578	36,832	37,026	131,057
<b>Subtotal</b>	<b>49,226</b>	<b>139,562</b>	<b>270,818</b>	<b>242,107</b>	<b>283,696</b>	<b>314,336</b>	<b>1,250,519</b>
Other Design Authorized Capital Projects	29,178	97,373	134,431	70,432	14,535	1,514	318,285
<b>Total - Design Authorized</b>	<b>78,404</b>	<b>236,935</b>	<b>405,249</b>	<b>312,539</b>	<b>298,231</b>	<b>315,850</b>	<b>1,568,804</b>
<b>Pending Authorization (Status 2-3)</b>							
Main Terminal Improvement Prog	1,311	5,042	12,773	12,200	63,223	106,201	199,439
Conc HVAC renewal & replace	271	1,897	5,174	5,337	28,452	50,876	91,736
Airfield Infra & Security	10	3,056	12,098	62,153	65,743	51,652	194,702
<b>Subtotal - Pending</b>	<b>1,592</b>	<b>9,995</b>	<b>30,045</b>	<b>79,690</b>	<b>157,418</b>	<b>208,729</b>	<b>485,877</b>
Other Pending Capital Projects	15,672	47,703	134,178	166,299	193,429	145,734	687,343
<b>Total - Pending Authorization</b>	<b>17,264</b>	<b>57,698</b>	<b>164,223</b>	<b>245,989</b>	<b>350,847</b>	<b>354,463</b>	<b>1,173,220</b>
<b>Subtotal</b>	<b>499,114</b>	<b>847,518</b>	<b>1,125,631</b>	<b>866,269</b>	<b>843,009</b>	<b>747,440</b>	<b>4,429,867</b>
CIP Reserves	-	12,000	40,000	87,000	146,638	240,191	525,829
CIP Cashflow Adj Reserve	-	(141,920)	85,152	56,768	-	-	-
<b>Grand Total</b>	<b>499,114</b>	<b>717,598</b>	<b>1,250,783</b>	<b>1,010,037</b>	<b>989,647</b>	<b>987,631</b>	<b>4,955,696</b>

**Descriptions of Capital Projects:**

- Checked Baggage Recap/Optimization: Replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity.
- SEA Gateway: Redevelop space at the north end of the Main Terminal Ticketing Level of the Airport to improve passenger processing, security throughput, and to elevate the overall passenger experience.
- Airfield Pavement Replacement: Provide budget for annual replacement of aging airfield pavement and joint seals.
- Concourse A Lounge Expansion: Delta Air Lines is sponsoring and managing a tenant reimbursable project to build a new structure at the end of Concourse A to support an expanded *Club @ SEA* and new *Delta Sky Club*. This project is anticipated to be completed by the end of 2024.
- MT Low Voltage System Upgrade: This project covers the renewal and replacement of low voltage (600 volts and below) distribution switchboards, transformers, feeders, panels, motor control centers, and tenant metering. The work includes areas in the Main Terminal served by Center and South power centers.
- S Concourse Evolution: Upgrade systems, reprogram the public facing areas, and add duty free, retail, and dining opportunities.

- **C Concourse Expansion:** Construct three additional floors on top of the Airport’s concourse C building to meet space needs for passenger restrooms, concessions, passenger lounges, and other tenant offices.
- **IWTP Program:** this project will install a pre-treatment system and upgrade the existing systems at Industrial Waste Treatment Plant.
- **Main Terminal Improvement Program:** It will address code compliance issues and renewal & replacement of critical systems in the Main Terminal. It will also provide architectural upgrades and other work to provide a better experience for customers.
- **Conc HVAC Renewal & Replacement:** this project is the renewal and replacement of the existing heating, ventilation, and air conditioning systems and smoke control systems in Concourse B,C, and D.
- **Airfield Infra & Security:** This project scope is comprised of three components: Air Operations Area (AOA) Fence Upgrade; Airfield Circuit Replacement; and FOD Detection.
- **CIP Reserves:** Placeholder CIPs for unknown or undefined future projects.
- **CIP Cashflow Adj Reserve:** Historical analysis indicates that on average, the Port spends approximately 80% of its five-year CIP, but less than 60% of the budgeted (first year) CIP. As a result, the Port implemented a CIP Cashflow Adjustment Reserve to adjust each division’s CIP cashflows to better reflect expected project spending trends in aggregate.

**TABLE IV-24: PROPOSED NEW PROJECTS**

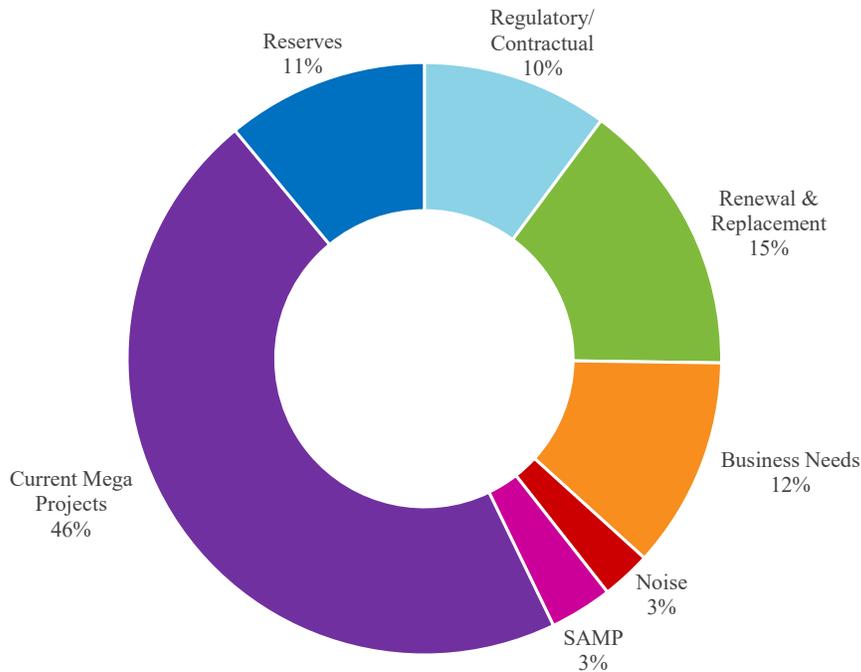
Justification	Category	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2024 - 28 TOTAL
					2024	2025	2026	2027	2028	
Efficiency Management	Business Need	C801375	Gate Modification	115,000	1,900	9,000	22,000	45,000	33,000	110,900
Asset Stewardship	Renewal Replacement	C801385	Small Jobs 2024-2034	10,000	1,000	1,000	1,000	1,000	1,000	5,000
<b>Total</b>				<b>125,000</b>	<b>2,900</b>	<b>10,000</b>	<b>23,000</b>	<b>46,000</b>	<b>34,000</b>	<b>115,900</b>

- A total of two projects were approved through the Aviation Investment Committee.
- **Gate Modification:** This will modify gate configuration that provides for widebody International and domestic arrival/departure aircraft functionality while maintaining the terminal pod connection to the sterile corridor system.
- **Small Jobs 2024-2034:** This is a new 10-year program for capital projects budget less than \$300K each to renew existing assets that are critical for supporting Aviation operations. This CIP will fund small jobs projects for the next 10 years (2024-2034).
- The proposed projects do not include projects that will come out of Sustainable Airport Master Plan.

**TABLE IV-25: 2024-2028 CAPITAL SPENDING FORECAST BY CATEGORY**

Category	Number of Projects	Total 5-Year Cash Flow (\$ in 000's)
Regulatory & Contractual	20	\$341,778
Renewal & Replacement	56	\$686,232
Business Needs	60	\$769,037
Noise	6	\$107,810
Mega Projects	7	\$2,302,667
SAMP Design Pre-approval in SLOA Agreement	6	\$175,214
Reserves & Allowances	12	\$572,958
<b>Total</b>	<b>167</b>	<b>\$4,955,696</b>

**FIGURE IV-7: 2024-2028 CAPITAL SPENDING FORECAST BY CATEGORY**



- **Renewal Replacement** projects include Airfield Pavement, Main Terminal Low Voltage, Conc HVAC renewal & replacement, STS train upgrade, and Restrooms Upgrade.
- **Business Needs** include Airfield Infrastructure & Security, A Concourse Expansion, Widen Arrivals Roadway, and Post IAF Airline Realignment projects.
- **Regulatory** projects include Industrial Waste Treatment Plant, Taxiway A Circuit, Utility Meter Networking, and S. 188<sup>th</sup> Tunnel Lighting.

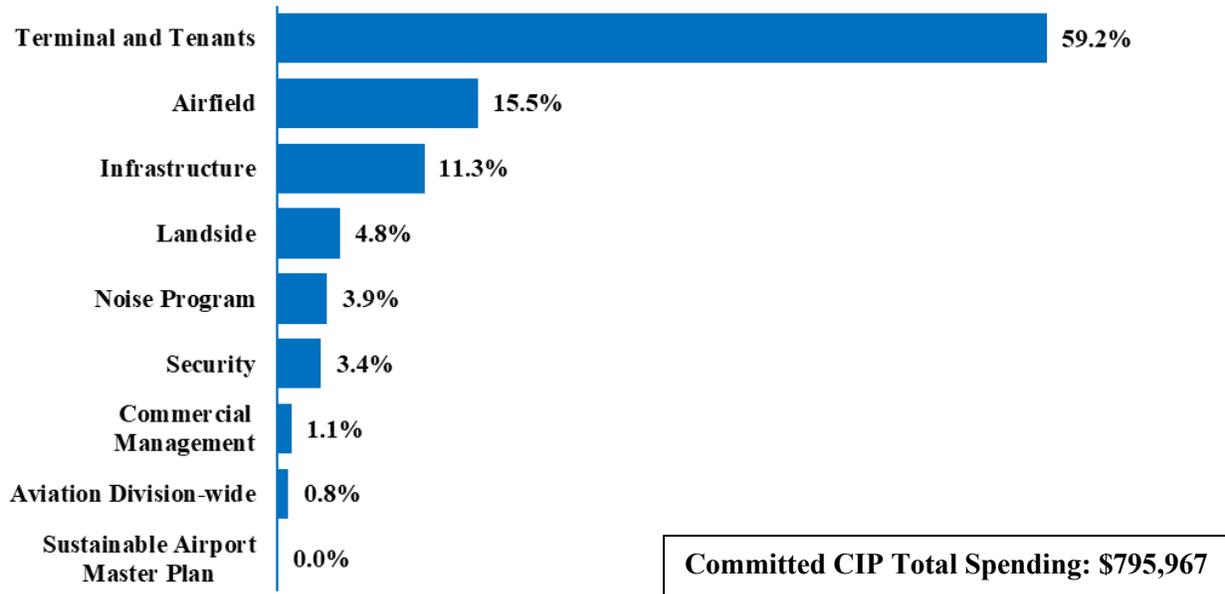
**TABLE IV-26: AVIATION CAPITAL BUDGET SUMMARY**

(\$ in 000's)	2024 Budget	2024-2028 CIP	% of 2024 Total Committed
<b>Committed Capital Projects</b>			
Terminal and Tenants	\$ 471,148	\$ 2,449,857	59.2%
Airfield	123,245	186,246	15.5%
Infrastructure	90,063	439,388	11.3%
Landside	38,167	130,294	4.8%
Noise Program	30,712	104,497	3.9%
Security	26,998	39,112	3.4%
Commercial Management	8,705	10,393	1.1%
Aviation Division-wide	6,715	29,989	0.8%
Sustainable Airport Master Plan	214	214	0.0%
<b>Total Committed</b>	<b>\$ 795,967</b>	<b>\$ 3,389,990</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 63,551</b>	<b>\$ 1,565,706</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (141,920)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 717,598</b>	<b>\$ 4,955,696</b>	

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**FIGURE IV-7: AVIATION CAPITAL BUDGET**

(\$ in 000's)



**G. AVIATION DIVISION OPERATING STATISTICS**

**TABLE IV-27: AVIATION DIVISION OPERATING STATISTICS**

Year	(1) Enplaned Passengers		(2) Total Landed Weight		(3) Air Cargo	
	Number	Growth	Pounds	Growth	Metric tons	Growth
2004	14,364	7.6%	20,944	0.7%	347,517	-1.1%
2005	14,632	1.9%	20,186	-3.6%	338,591	-2.6%
2006	14,991	2.5%	20,362	0.9%	341,981	1.0%
2007	15,661	4.5%	21,014	3.2%	319,013	-6.7%
2008	16,085	2.7%	21,519	2.4%	290,205	-9.0%
2009	15,610	-3.0%	20,388	-5.3%	270,142	-6.9%
2010	15,773	1.0%	19,786	-3.0%	283,425	4.9%
2011	16,397	4.0%	20,123	1.7%	279,893	-1.2%
2012	16,597	1.2%	19,897	-1.1%	283,609	1.3%
2013	17,376	4.7%	20,949	5.3%	292,709	3.2%
2014	18,717	7.7%	22,505	7.4%	327,240	11.8%
2015	21,109	12.8%	24,757	10.0%	332,636	1.6%
2016	22,796	8.0%	27,118	9.5%	366,431	10.2%
2017	23,416	2.7%	28,267	4.2%	425,856	16.2%
2018	24,894	6.3%	30,109	6.5%	432,315	1.5%
2019	25,874	3.9%	31,381	4.2%	453,547	4.9%
2020 <sup>(4)</sup>	10,037	-61.2%	20,007	-36.2%	452,496	-0.2%
2021	18,073	80.1%	26,244	31.2%	498,741	10.2%
2022	22,966	27.1%	28,594	9.0%	456,289	-8.5%
2023 Budget	24,444	6.4%	29,851	4.4%	485,912	6.5%
2023 Forecast	25,470	10.9%	31,350	9.6%	410,660	-10.0%
2024 Budget	26,457	3.9%	32,625	4.1%	425,033	3.5%
<b>Annualized Growth Rate</b>						
2014 - 2024		3.5%		3.8%		2.6%
2019 - 2024		0.4%		0.8%		-1.3%

**Notes:**

- (1) Passengers in thousands
- (2) Weight in thousands
- (3) In Metric Tons
- (4) Contraction due to COVID-19 Pandemic impact

Table IV-29 Aviation Division Operating Statistics 2024.xlsx

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# V. MARITIME

**MARITIME DIVISION**

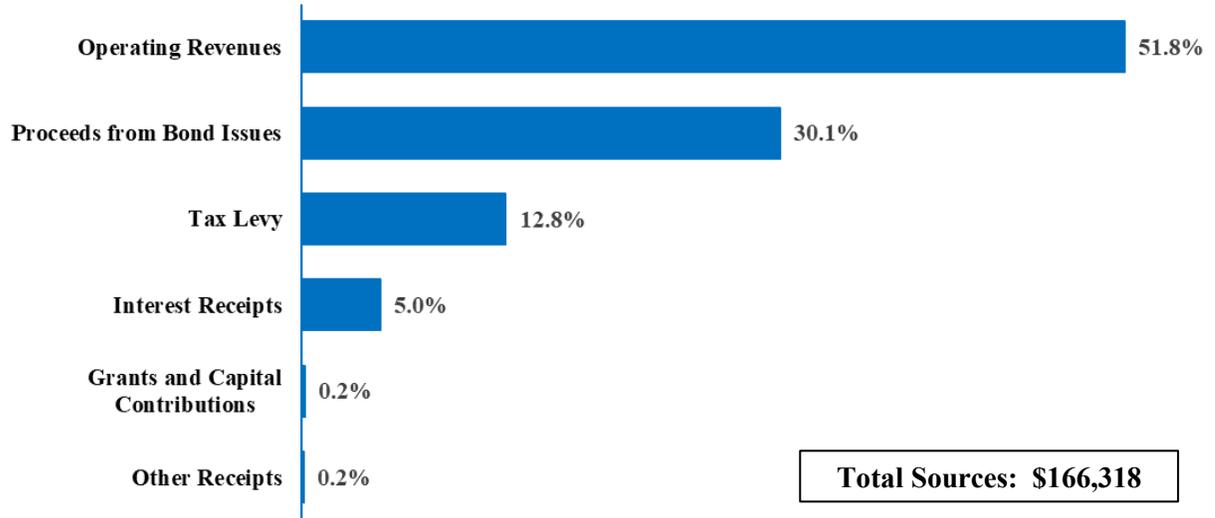
**A. 2024 BUDGET SUMMARY**

**TABLE V-1: MARITIME CASH FLOW SUMMARY**

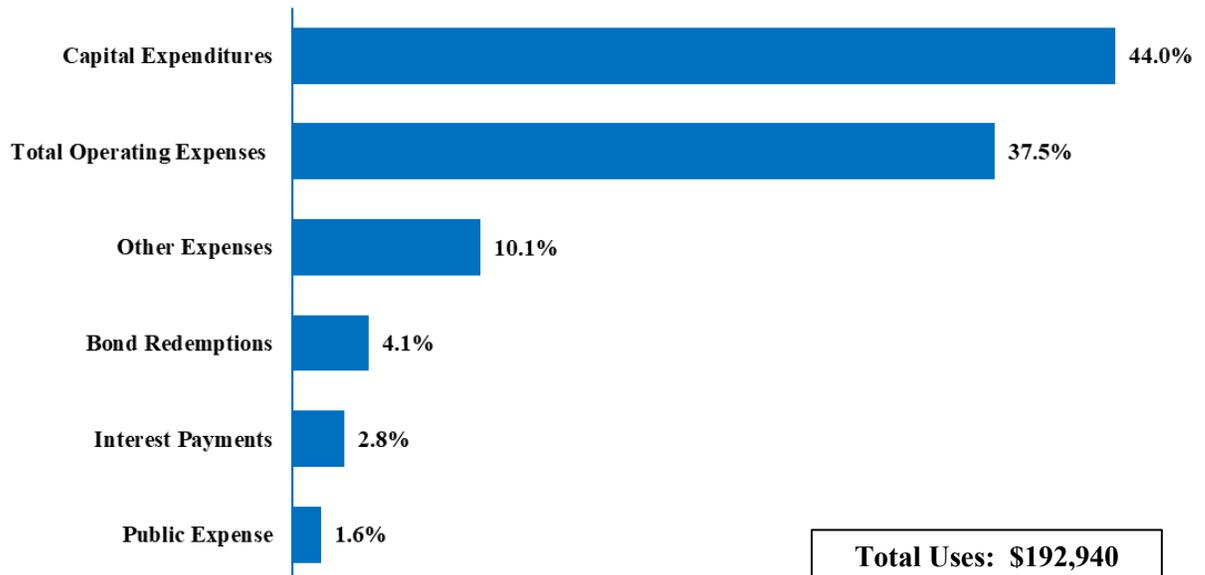
(\$ in 000's)	<u>2024</u>	<u>Percent of Total</u>
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues	\$ 86,132	51.8%
Interest Receipts	8,279	5.0%
Proceeds from Bond Issues	50,000	30.1%
Grants and Capital Contributions	282	0.2%
Tax Levy	21,359	12.8%
Other Receipts	267	0.2%
<b>Total</b>	<b>\$ 166,318</b>	<b>100%</b>
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	72,419	37.5%
<b>Debt Service:</b>		
Interest Payments	5,358	2.8%
Bond Redemptions	7,932	4.1%
Total Debt Service	13,291	6.9%
Other Expenses	19,405	10.1%
Public Expense	3,000	1.6%
Capital Expenditures	84,825	44.0%
<b>Total</b>	<b>\$ 192,940</b>	<b>100%</b>

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**FIGURE V-1: MARITIME SOURCES OF CASH**  
(\$ in 000's)



**FIGURE V-2: MARITIME USES OF CASH**  
(\$ in 000's)



**B. FINANCIAL FORECAST**

**TABLE V-2: MARITIME FINANCIAL FORECAST**

(\$ in 000's)	2021	2022	2023	2024	2025	2026	2027	2028	2024 - 2028
	Actual	Actual	Budget	Proposed Budget	Forecast				Compound Growth
<b>OPERATING BUDGET</b>	Notes								
Operating Revenue	\$ 48,331	\$ 71,534	\$ 75,875	\$ 86,132	\$ 93,563	\$ 99,341	\$ 104,888	\$ 110,298	6.4%
Total Operating Revenues	<b>48,331</b>	<b>71,534</b>	<b>75,875</b>	<b>86,132</b>	<b>93,563</b>	<b>99,341</b>	<b>104,888</b>	<b>110,298</b>	<b>6.4%</b>
Total O&M Expenses w/o Pension Credit	47,784	59,556	66,121	72,419	77,534	81,786	86,446	91,343	6.0%
DRS Pension Credit	(7,070)	(2,396)	-	-	-	-	-	-	NA
Total O&M Expenses with Pension Credit	<b>40,714</b>	<b>57,160</b>	<b>66,121</b>	<b>72,419</b>	<b>77,534</b>	<b>81,786</b>	<b>86,446</b>	<b>91,343</b>	<b>6.0%</b>
NOI Before Depreciation (with Pension Credit)	7,616	14,375	9,755	13,712	16,029	17,555	18,442	18,955	8.4%
Total Depreciation Expense	17,718	17,980	17,456	17,522					
NOI After Depreciation (with Pension Credit)	<b>(10,101)</b>	<b>(3,606)</b>	<b>(7,701)</b>	<b>(3,810)</b>					
									<b>Total</b>
Committed Capital Budget	\$ 18,513	\$ 12,065	\$ 40,657	\$ 92,373	\$ 96,841	\$ 13,382	\$ 12,364	\$ 12,200	\$ 227,160
Business Plan Prospective	-	-	13,434	16,652	34,951	36,671	29,574	56,689	174,537
CIP Cashflow Adjustment Reserve	-	-	(13,286)	(24,200)	14,520	9,680	-	-	0
Total Capital Budget	<b>1) \$ 18,513</b>	<b>\$ 12,065</b>	<b>\$ 40,805</b>	<b>\$ 84,825</b>	<b>\$146,312</b>	<b>\$ 59,733</b>	<b>\$ 41,938</b>	<b>\$ 68,889</b>	<b>\$ 401,697</b>

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Notes:

- 1) See Section IX for details of Capital Improvement Plan.

**C. MARITIME DIVISION DESCRIPTION/BUSINESS ASSESSMENT**

**MISSION:**

Build on our maritime legacy by leveraging our properties to create waterfront opportunities and support family wage jobs in the Maritime industry that is sustainable and equitable.

**VISION:**

A vibrant working waterfront generating economic vitality for the region.

**MAJOR/NEW INITIATIVES:**

- Support long-term sustainable financial picture for Maritime Division.
- Institute structure & resources for strong project delivery.
- Continue to build Maritime Planning Department.
- Advance Green Corridor Initiative.
- Finalize & begin implementing Parks Management Strategy.
- Expand Shore Power.
- Develop & Implement Sustainable Fleet Strategy.
- Continue to advance Maritime diversity in hiring strategy to encourage the next generation of maritime industry workers.

**DIVISION DESCRIPTION:**

Maritime Division is comprised of several major business groups: Cruise Operations, Recreational Boating, Fishing and Operations, a Grain Terminal, and about half of the Seaport Real Estate portfolio. Additionally, the division includes service groups such as Maritime Marketing, Security, Marine Maintenance, Maritime Environment and Sustainability, and Waterfront Project Management.

The Maritime Division and its facilities serve a diverse mix of year-round and seasonal activities. From April through October, Smith Cove Cruise Terminal and Bell Harbor Cruise Terminal serve as homeports for cruise ships headed to Alaska. From October through May, Fishermen’s Terminal and Terminal 91, serve as homeports for the North Pacific fishing fleet and factory trawlers. Throughout the year, recreational boats are served at Bell Harbor Marina, Harbor Island Marina, Salmon Bay Marina, and Shilshole Bay Marina – the latter two being home to vibrant liveaboard communities. The Maritime Division also operates the Maritime Industrial Center and leases Terminal 86, a fully automated grain terminal, along with other industrial properties connected with these maritime activities and businesses.

**INDUSTRY ASSESSMENT:**

**Cruise**

A finding in the 2023 State of the Cruise Industry report by Cruise Lines International Association shows that the intent to cruise is higher than it was in 2019 and forecasts global industry growth through 2028. In 2022, there was a strong rebound in cruises to Alaska with sailing volumes higher than pre-pandemic levels; however, the average ship occupancies were lower than pre-pandemic levels. The 2023 season continued the strong rebound with sailings above pre-pandemic levels and many of the ship occupancies exceeding 100%. Scheduled sailings for 2024 are slightly less than 2023 but are still significantly higher than pre-pandemic levels. Cruise lines are reporting that advanced bookings for the 2024 season is above the high end of the historical range, and it is reasonable to assume that ship occupancies will continue to be strong.

**Fishing and Commercial Operations**

The Alaska commercial fishing industry remains strong with the Alaska fisheries recognized as the most successfully managed in the world. However, the commercial fishery in Alaska continue to experience fluctuations in price of salmon and white fish, and the canceling of the Snow Crab seasons, pose economic hardships to our homeported fleet. Seasonal anomalies and fluctuations are managed year-over-year, with sustainable management practices in the Bering Sea, Bristol Bay, and Gulf of Alaska, the commercial fishing industry that homeports in Seattle remains stable. Commercial fishing companies are revitalizing their fleets by building new boats to replace aging fishing vessels. Puget Sound continues to be very attractive for off season moorage for all sizes of commercial boats due to shorter supply chains, more skilled labor and maritime industry vendors, and better weather conditions conducive to working on boats.

The industry continues adapting to an evolving regulatory environment, consolidation of the fishing industry, and more limited marine terminal options. In addition, the ongoing consolidation of the commercial fishing fleet is driving changes in facilities and services to meet the needs of larger homeport operations. Suitable and affordable marine terminals are growing increasingly scarce in the Northwest.

**Grain**

Terminal operator/tenant, Louis Dreyfus Company (LDC), is projecting grain volumes to be about 14% lower in 2024 from 2023 budget. The overall volume trend in the next couple of years is down due to reduced demand from China. Per LDC, it is highly unpredictable to forecast volume for the next couple of years due to changes global grain trade and weather dependent grain harvest volume (supply).

**Maritime Habitat Initiatives**

Demand for compensatory mitigation credits in the watershed, as well as Natural Resource Damage credits in the Lower Duwamish River, is increasing due to evolving environmental regulations and pending claims. Large-scale projects in the Duwamish River and Elliott Bay may also create new

demand. The Port is in a good position given our property ownership and our track record in developing successful restoration projects for use as habitat banks. The Port has an approved Natural Resource Damage (NRD) mitigation credit agreement with the Elliott Bay Natural Resource Trustee Council for 521 NRD credits (called “Discounted Service Acre Years, DSAYs”) generated at Duwamish River People’s Park and Shoreline Habitat. We expect release of 50% of the NRD credits in Q1 2024 and have seen a recent increase in customer interest. In 2019, the Port submitted a prospectus to the US Army Corps of Engineers and Washington State Department of Ecology to add Endangered Species Act and Clean Water Act mitigation credits to the bank. The application is being reviewed by an Interagency Review Team and we anticipate approval by Q1 2025.

### **Industrial Properties**

The industrial market in the Puget Sound region remains stable even with major international and domestic challenges such as multiple hikes in high gas prices and interest rates, inflation, and tech layoffs. Seattle’s growing population is a strong boost for local consumption. Regional trade with Asia has helped keep industrial demand robust for the past decade. Port pricing and locations have kept occupancy rates near the 95% level.

### **Recreational Boating**

The Recreational Boating industry continues to face such challenges as: the high cost of boats and boating, attracting younger generations, emerging environmental regulatory restrictions, and reduced access to water.

Boaters are demanding upscale moorage facilities including high-end amenities, finishes, and architectural details with more customization, automation, and personalization. Industry wide, the largest increases in revenues continue to be from in-water rentals (kayaks, paddle boards, etc.), boat rentals, restaurants, leased slips, fuel, and boat sales.

### **BUSINESS ASSESSMENT:**

#### **Cruise**

The total number of 2023 actual revenue passengers were a record high. The 2023 budget assumed a scenario with 85% occupancy for sailings (pre-pandemic levels were assumed at 104%). Many of the sailing occupancies during peak season were above 100%. Sailings for 2023 were down slightly after a record year for vessel calls in 2022, but the total number of sailings still significantly exceeded pre-pandemic levels. The 2024 budget assumes a similar but slightly lower number of vessel sailings with a higher average occupancy scenario of 100%.

#### **Fishing and Commercial Operations**

Commercial fishing vessel moorage demand remains steady, with annual occupancy over 80%, even with most customers leaving for various parts of the year to work in Alaska. The small commercial fishing boats (less than 40 feet) market is most at risk due to the expense of operating a boat, owners retiring, and boats relocating. This loss of commercial fishing moorage business is offset by monthly moorage for smaller recreational vessels, which do not require year-round moorage. The focus throughout 2024 will be to retain existing tenants and cultivate new revenue streams. Continuous efforts will be made to offer excellent customer service, increase rental rate levels on renewals, accommodate space reductions, and expand while improving space for quality tenants.

Dock and moorage assets at Fishermen’s Terminal are all reasonably new, except the Northwest Dock, the oldest dock and now approaching thirty years old. Available shore power systems for the various sizes of boats set us apart from our competition.

The financial outlook is projected to be stable as staff continues to look at Fishermen’s Terminal in an entrepreneurial fashion for revenue-generating opportunities. Revenue gains are expected from an increased number of recreational vessels. In contrast, the recapitalization of the large vessel fishing fleet replaced old vessels with new ones, not necessarily adding vessels to their respective fleets. Moorage rates at the terminal for fishing and commercial vessels lead the market compared to other Puget Sound public ports. Recreational vessel rates at the terminal are at market compared to local marinas.

Fishing fleet homeport demand is expected to remain stable in 2024. Fishing, tug, and barge companies invest significantly in vessel improvements and system upgrades. Other marine industrial moorage is expected to remain stable with moderate growth over time.

### **Grain**

The Terminal 86 Grain Terminal handles corn and soybeans exports from the upper Midwest states and Eastern Washington. Despite its age, the terminal is still competitive for handling these grain commodities. Port engineers will be conducting a condition assessment to evaluate the condition of the dock structure.

### **Maritime Habitat Initiatives**

Interest in Port-provided compensatory mitigation and natural resource damage (NRD) credits is expected to continue to grow as both public and private maritime properties are redeveloped and NRD claims are pursued. In particular, demand for Endangered Species Act (ESA) credits is increasing due to changes in ESA-policy being administered by NOAA Fisheries, which now requires mitigation for infrastructure repair and maintenance actions, not just new development/redevelopment.

### **Industrial Properties**

Consistent with the regional figures discussed under the Industry Assessment, the forecast for the Seattle close-in industrial market is for lease rates to soften and level off. Due to the age and condition of several of our assets, as well as safety issues in the general area, demand for seaport industrial properties is expected to remain somewhat consistent with certain sectors levelling off such as warehouse and flex industrial space. The Maritime Industrial Portfolio Management staff will continue to manage the industrial portfolio for the purpose of maximizing revenue by balancing rental rates (demand) with fluctuating supply to match the performance of the local Seattle close-in market.

### **Shilshole Bay Marina**

The monthly moorage occupancy at Shilshole Bay Marina remains strong and is budgeted to meet or exceed 96% for 2024. Due to an existing waitlist, the opportunity to increase occupancy rates is centered on quicker slip turnaround times. Moorage rates remain competitive within the Seattle market. Continued success is attributed to the marina’s location, docks with good maneuverability and wide navigation channels, a strong and active liveaboard community, and strong customer focus.

We currently have 290 individuals waiting for slips. Most of those on the waitlist are waiting for a liveaboard slip. Current occupancy is 341 of the allowable 350 liveaboard slips, or 97%. Liveaboard demand remain steady. The commercial property occupancy rate at Shilshole Bay Marina is currently at 100%. The focus throughout 2024 will be to retain existing tenants and continue to grow guest moorage.

## **CHALLENGES AND OPPORTUNITIES:**

### **Cruise & Marketing Challenges**

- Lingering public health concerns and additional operational requirements and protocols.
- Economic conditions impacting ability to afford travel and vacations.
- Increase in regulatory restrictions for cruise operations in Washington and Alaska.
- Waterfront re-development impact on cruise operations.
- Cruise Port expansions in Vancouver and Alaska - especially weekend availability - creating increased competition/less demand for Seattle.
- Cruise lines may not align with evolving Port requirements/needs/plans.
- City of Seattle suffered from damaged brand reputation and downtown safety concerns.

### **Cruise & Marketing Opportunities**

- Strong market demand for cruises brings continued interest in expansion in Seattle.
- Increased collaboration/partnerships with regional ports.
- Increasing utilization of strong tourism and transportation infrastructure.
- Expiring terms of contractual agreements provides opportunity to advance Equity and Environmental priorities.

### **Fishing and Commercial Challenges**

- Commercial Fishing is a highly regulated industry. To comply with the Magnuson–Stevens Fishery Conservation and Management Act, commercial fisheries are subject to rules intended to sustainably manage and preserve commercially harvested aquatic species and the environment.
- Capturing the new business from the revitalized large commercial boat fleet is essential to remain the homeport of the North Pacific Fishing Fleet.
- Controlling the cost of building, maintaining and operating terminals.
- Future planning and capital investment in properties with aging infrastructure.
- Adapting facilities and operations to meet dynamic regulatory environment.
- Attracting new maritime customers and vessel homeport bases within changing land use environment.

### **Fishing and Commercial Opportunities**

- Retaining business from commercial fishing customers who are recapitalizing their fleets. These newer vessels are more efficient both in terms of energy usage and fishing power, meaning they can catch quota faster and return to Terminal 91 earlier and stay longer.
- Continuing to grow recreational vessel fleet during off-season, as space allows.
- Promoting legislation to incentivize continued growth within the fishing and maritime industry.
- Developing a “Blue Economy” framework accomplished by embracing new Washington State Maritime Cluster organizations; digitalizing and decarbonizing maritime machinery, systems, and platforms; embracing Workforce Development and Innovation; and the continued growth and promotion of our Working Waterfront.
- Upgrading current infrastructure to accommodate larger fishing vessels, Berths 6 & 8 at Terminal 91.
- Attracting vessel homeport bases for seafood, tug, and barge fleets.

### **Grain Challenges and Opportunities**

- Grain volume can fluctuate significantly from year to year due to weather and global market conditions.
- Revenues from the grain terminal include a minimum annual guarantee and otherwise are subject to upside and downside depending on export volumes handled.
- Terminal 86 Grain terminal's export volume is largely dependent on the demand from China.

### **Maritime Habitat Initiatives Challenges and Opportunities**

- Construction costs associated with habitat projects in the urban maritime environment are escalating. However, these costs affect both the Port and our competition.
- NRD credit demand is directly correlated to the rate at which the Trustee Council generates settlements. While the size of the NRD market is potentially substantial, the Trustees have entered the formal Natural Resource Damage Assessment (NRDA) phase, which means that opportunities for early settlement have been suspended. Demand will increase once the formal NRDA is complete in 1 to 3 years.
- ESA mitigation demand is increasing as noted above. That said, the approval process for ESA credits is slow and difficult.
- The Port has significant land assets in the Duwamish Valley which are suitable for restoration purposes but more limited in the middle and upper watershed.

### **Recreational Marina Challenges**

- Maintaining assets responsibly within the Port system while still controlling costs.
- Finding new revenue streams.
- Balancing Port initiatives with operational work.
- Right sizing the security levels.
- Providing developmental opportunities to staff without reducing operational functionality.

### **Recreational Marina Opportunities**

- Leveraging new technologies to create efficiencies, such as marina software update and handheld technology.
- Increasing moorage revenue due to increased moorage rates.
- Leveraging partnerships to create opportunities with organizations such as the Port of Seattle Workforce Development's Youth Maritime Collaborative, The Adventuress, and the Northwest Marine Trade Association.

### **Marine Maintenance Challenges**

- High demand for represented craft labor, limiting flexibility and driving up costs
- Right sizing preventive maintenance and service levels
- Demographic challenges from an aging workforce
- Limited and reduced space for storing equipment
- Aging maintenance facilities

### **Marine Maintenance Opportunities**

- Leveraging skilled workforce with intimate knowledge of Port assets.
- Continuing to look for CPI (continuous process improvement) opportunities.

### **Waterfront Project Management Challenges**

- High variability in construction pricing.
- Environmental and structural code changes create unpredictability in schedule and cost.
- Lead time on materials uncertainty.
- Navigating authorizations between Port of Seattle and Northwest Seaport Alliance.

### **Waterfront Project Management Opportunities**

- Ability to expand Disadvantaged/Women & Minority Business Enterprises.
- Development & training of new staff.
- Integrate new technologies in the workflow process.
- Take advantage of grants to fund capital projects.

## **D. OPERATING BUDGET SUMMARY**

### **Background**

From a financial standpoint, the Maritime Division's activities are:

- Record year for Cruise passengers and revenue in 2024.
- Managing other businesses in the portfolio to provide stewardship of public assets for taxpayers. These activities generate revenue through operations and expense through maintenance, repair, and renovation.
- Demand for Maritime Properties is high, but the costs associated with maintaining those properties is going up proportionately.

### **Assumptions**

The 2024 Maritime Division Budget is based on the following assumptions:

- Cruise forecasts 100% occupancy rate and a sailing schedule based on tentative berth reservations.
- Grain volume is budgeted at 3.7 million metric tons based on forecast from tenant, 14% decrease from 2023 budget.
- Recreational Marinas occupancy rate budgeted remain steady from previous years at Shilshole Bay Marina.
- Commercial Building Properties target an occupancy of 90% or greater at year-end 2024, consistent with current results.
- Salaries and benefits are forecasted using the 2024 budget guidelines of 5% cost of living increase and 2% average Pay for Performance increase.
- Utility rates are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy, and other utility vendors.

### **Operating Revenue**

- Overall Maritime Division Revenues are \$10.3M above 2023 budget and \$14.6M better than 2022 actuals.
- Cruise revenues are increasing from a combination of rates and return to 100% occupancy.
- Bulk Terminals decrease is based on feedback from Louis Dreyfus Company at Terminal 86.
- Maritime Portfolio Management revenue increase driven by escalated rent at T106 warehouse lease.
- Fishing and Operations revenues increase in 2024 from increased proposed tariff rates.
- Recreational Boating revenue is budgeted 6% higher due to proposed 7-12% moorage rates increase.

**TABLE V-3: MAJOR REVENUE CHANGES**

(\$ in 000's)	2021	2022	2023	2024	Change	% Change
Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud	2023 Bud - 2024 Bud
<b>REVENUE</b>						
<b>Cruise Operations</b>	\$ 9,517	\$ 30,469	\$ 34,445	\$ 41,057	\$ 6,611	19.2%
<b>Bulk Terminals</b>	6,112	5,792	5,814	5,191	(623)	-10.7%
<b>Maritime Portfolio Management</b>						
Marina Office & Retail	3,934	3,897	3,689	3,885	196	5.3%
Maritime Industrial	6,458	6,654	6,503	8,812	2,309	35.5%
<b>Fishing &amp; Operations</b>						
Ship Canal Fishing and Operations	4,240	4,592	4,555	4,984	429	9.4%
Elliott Bay Fishing & Commercial	5,618	5,975	5,253	5,731	478	9.1%
<b>Recreational Boating</b>						
Shilshole Bay Marina	12,045	12,960	14,584	15,376	792	5.4%
Other Marinas	806	1,018	1,007	1,091	84	8.3%
<b>Parks/Other</b>	1) (401)	179	24	4	(20)	-85.0%
<b>Total Revenue</b>	<b>\$ 48,331</b>	<b>\$ 71,534</b>	<b>\$ 75,875</b>	<b>\$ 86,132</b>	<b>\$ 10,256</b>	<b>13.5%</b>

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Note:

1) Includes Aviation and Police miscellaneous revenue offsets to Maritime Division.

**TABLE V-4: MARITIME REVENUE BY ACCOUNT**

(\$ in 000's)		2021	2022	2023	2024	% Change
Revenue by Account	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Revenue</b>						
Dckg, Whrfg, Serv/Facility, Passenger Fee		\$ 4,368	\$ 6,433	\$ 8,430	\$ 9,163	8.7%
Equipment Rental		253	298	260	287	10.4%
Berthage & Moorage		14,961	16,248	17,576	18,788	6.9%
Parking Revenue		11	15	17	16	-3.9%
Revenue From Sale of Utilities		1,568	1,840	1,653	1,968	19.1%
Property Rental Revenue		16,513	35,160	36,858	42,387	15.0%
Other Revenues		1,423	1,849	1,727	1,706	-1.2%
<b>Total Operating Revenue</b>	1)	<b>\$ 39,098</b>	<b>\$ 61,843</b>	<b>\$ 66,520</b>	<b>\$ 74,315</b>	<b>11.7%</b>

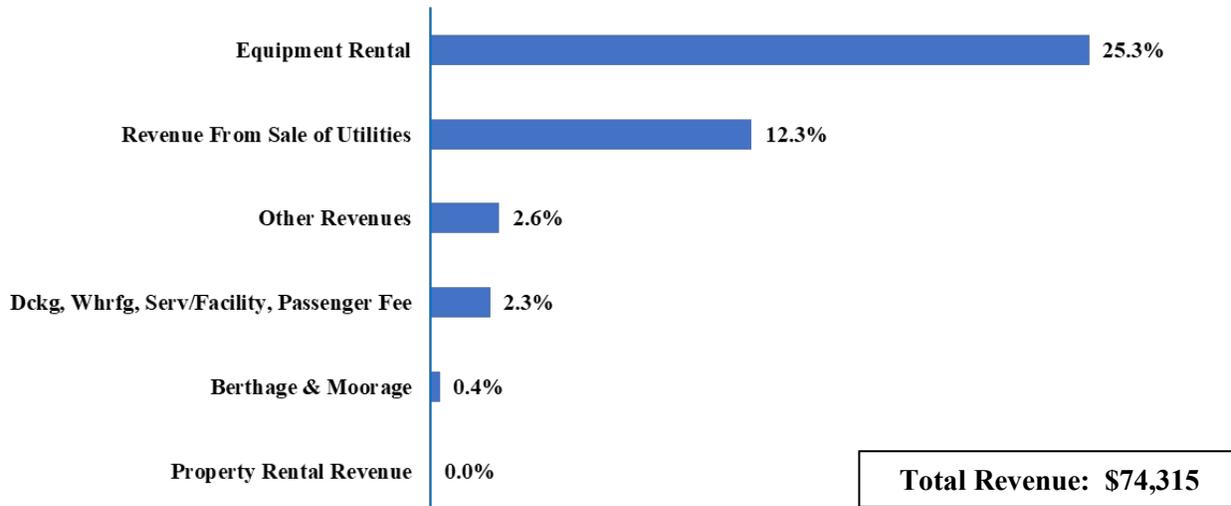
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Note:

1) Revenue does not include allocations from other divisions.

**FIGURE V-3: MARITIME REVENUE BY ACCOUNT**

(\$ in 000's)



**Operating Expense Drivers**

Total Maritime Division operating expenses (including direct charges and allocations from Central Services and EDD services groups) are budgeted to increase by \$7.3M or 12.1% from 2023. The increase is due to (1) Increased wage and salary rates, (2) Annualization of prior year new FTEs, (3) Funding for planning, and (4) Lower charges to capital projects.

**TABLE V-5: MARITIME OPERATING & MAINTENANCE EXPENSES BY ACCOUNT**

(\$ in 000's)		2021	2022	2023	2024	% Change
Expense by Account	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 34,724	\$ 38,037	\$ 44,478	\$ 50,146	12.7%
Equipment Expense		1,371	2,219	1,818	2,666	46.7%
Utilities		3,532	4,694	4,835	4,970	2.8%
Supplies & Stock		1,700	1,998	2,191	2,113	-3.6%
Outside Services		3,852	6,871	10,115	10,347	2.3%
Travel & Other Employee Expenses		123	404	928	1,125	21.2%
Promotional Expenses		62	146	467	358	-23.2%
Other Expenses		3,271	3,269	3,011	2,952	-2.0%
<b>Total O&amp;M without Environmental</b>		<b>48,635</b>	<b>57,639</b>	<b>67,841</b>	<b>74,675</b>	<b>10.1%</b>
Environmental Remediation Liability Expense		21	79	-	-	0.0%
<b>Total O&amp;M with Environmental</b>		<b>48,656</b>	<b>57,718</b>	<b>67,841</b>	<b>74,675</b>	<b>10.1%</b>
Charges to Capital/Govt/Envrs Projects		(4,957)	(4,692)	(7,890)	(7,457)	-5.5%
<b>Total O&amp;M Expenses w/o Pension Credit</b>		<b>43,698</b>	<b>53,026</b>	<b>59,951</b>	<b>67,218</b>	<b>12.1%</b>
DRS Pension Credit		(4,281)	(1,867)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	1)	<b>\$ 39,418</b>	<b>\$ 51,159</b>	<b>\$ 59,951</b>	<b>\$ 67,218</b>	<b>12.1%</b>

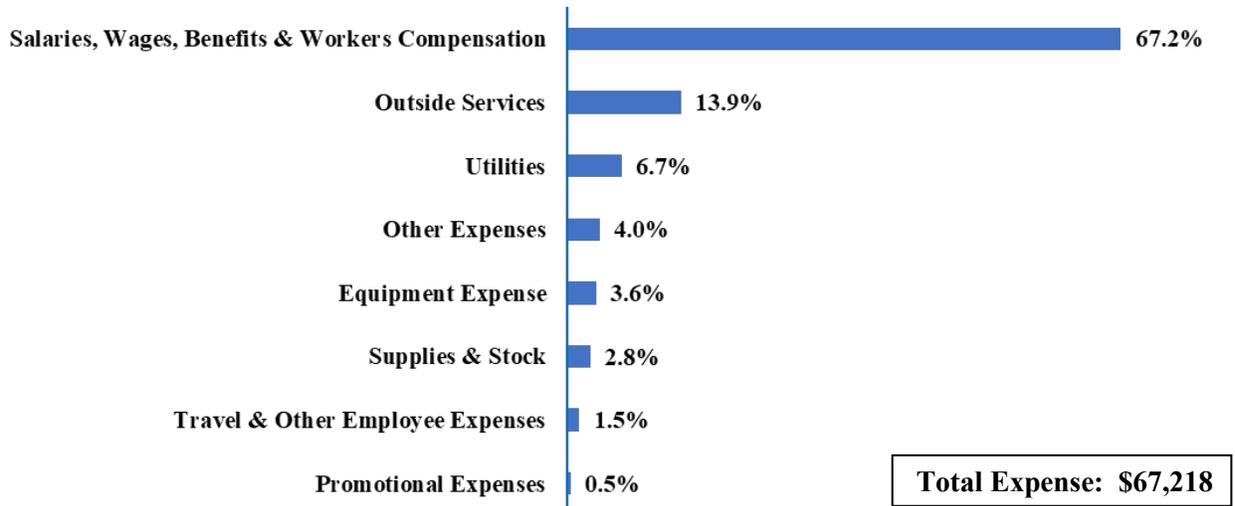
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Note:

- 1) Tables V-4, 5 & 6 differ from Table V-2, in that they only reflect the division expenses and do not include Central Services allocations.

**FIGURE V-4: MARITIME EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE V-6: MARITIME REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT**

(\$ in 000's)	2021	2022	2023	2024	% Change
BY BUSINESS GROUP/DEPARTMENT	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>REVENUE</b>					
Fishing & Operations	\$ 9,837	\$ 10,515	\$ 9,765	\$ 10,693	9.5%
Recreational Boating	12,807	13,908	15,571	16,464	5.7%
Cruise Operations	9,487	30,411	34,320	41,002	19.5%
Bulk Terminals	6,112	5,792	5,814	5,191	-10.7%
Marine Maintenance	836	1,149	1,050	965	-8.1%
Maritime Environment & Sustainability	18	69	-	-	0.0%
<b>Total Operating Revenue</b>	<b>39,098</b>	<b>61,843</b>	<b>66,520</b>	<b>74,315</b>	<b>11.7%</b>
<b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS</b>					
<b>Business Groups:</b>					
Fishing & Operations	4,124	4,999	5,420	5,793	6.9%
Recreational Boating	3,093	3,788	4,219	4,356	3.3%
Cruise Operations	3,238	4,723	5,490	6,014	9.5%
Bulk Terminals	83	77	63	56	-11.7%
Maritime Security	2,076	2,177	2,933	2,724	-7.1%
<b>Total Business Group Expense</b>	<b>12,613</b>	<b>15,764</b>	<b>18,126</b>	<b>18,943</b>	<b>4.5%</b>
<b>Service Depts.:</b>					
Maritime Marketing	404	598	1,323	1,225	-7.4%
Maritime Finance	1,509	1,874	2,883	3,182	10.4%
Maritime Environment & Sustainability	3,290	4,980	6,875	7,488	8.9%
Waterfront Project Management	2,796	4,871	9,532	9,936	4.2%
Marine Maintenance	22,998	25,605	28,208	31,887	13.0%
<b>Other:</b>					
Maritime Administration	412	724	1,122	1,118	-0.3%
Maritime Contingency	-	(50)	(1,298)	(712)	-45.1%
Maritime Strategic Planning & Policy	124	194	610	1,313	115.0%
Parks	194	214	460	296	-35.6%
Maritime Habitat Initiatives	7	22	-	-	9.4%
Maritime Environmental Remediation Liability Expense	21	79	-	-	0.0%
Others	1	-	-	-	0.0%
Maritime Capital to Expense	6	977	-	-	0.0%
<b>Total Services Expense</b>	<b>31,762</b>	<b>40,087</b>	<b>49,716</b>	<b>55,733</b>	<b>12.1%</b>
<b>Total Expenses Before Charges to Cap/Govt /Envrs Projects</b>	<b>44,375</b>	<b>55,851</b>	<b>67,841</b>	<b>74,675</b>	<b>10.1%</b>
<b>CHARGES TO CAPITAL/ GOVT /ENVRs PROJECTS</b>	<b>(4,957)</b>	<b>(4,692)</b>	<b>(7,890)</b>	<b>(7,457)</b>	<b>-5.5%</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>					
<b>Business Groups:</b>					
Fishing & Operations	4,619	5,209	5,420	5,793	6.9%
Recreational Boating	3,566	3,985	4,219	4,356	3.3%
Cruise Operations	3,365	4,767	5,490	6,014	9.5%
Bulk Terminals	83	77	63	56	-11.7%
Maritime Security	2,142	2,206	2,933	2,724	-7.1%
<b>Total Business Group Expense</b>	<b>13,776</b>	<b>16,245</b>	<b>18,126</b>	<b>18,943</b>	<b>4.5%</b>
<b>Service Depts.:</b>					
Maritime Marketing	490	636	1,323	1,225	-7.4%
Maritime Finance	1,725	1,842	2,481	2,859	15.2%
Maritime Environment & Sustainability	2,612	4,013	5,232	6,110	16.8%
Waterfront Project Management	1,303	2,535	4,702	5,278	12.2%
Marine Maintenance	22,809	25,075	27,193	30,789	13.2%
<b>Other:</b>					
Maritime Administration	514	770	1,122	1,118	-0.3%
Maritime Contingency	-	(50)	(1,298)	(712)	-45.1%
Maritime Strategic Planning & Policy	158	210	610	1,313	115.0%
Parks	194	214	460	296	-35.6%
Maritime Habitat Initiatives	34	21	-	-	9.4%
Maritime Environmental Remediation Liability Expense	21	79	-	-	0.0%
Others	1	-	-	-	0.0%
Maritime Capital to Expense	64	1,436	-	-	0.0%
<b>Total Services Expense</b>	<b>29,923</b>	<b>36,781</b>	<b>41,825</b>	<b>48,275</b>	<b>15.4%</b>
<b>Total O&amp;M Expenses w/o Pension Credit</b>	<b>43,698</b>	<b>53,026</b>	<b>59,951</b>	<b>67,218</b>	<b>12.1%</b>
DRS Pension Credit	(4,281)	(1,867)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	<b>\$ 39,418</b>	<b>\$ 51,159</b>	<b>\$ 59,951</b>	<b>\$ 67,218</b>	<b>12.1%</b>

BDMARBUD.xls

Notes:

- 1) Does include DRS pension credit.
- 2) Does not include Central Services allocations.
- 3) Does not include DRS pension credits.

**E. STAFFING**

The Maritime Division is budgeting 296.5 FTEs for 2023, a 5.0% increase compared to the 2023 Budget. The following TABLE V-7 outlines the Full-Time Equivalents (FTEs) in the Maritime Division.

**TABLE V-7: MARITIME STAFFING**

STAFFING (Full-Time Equivalent Positions)								
BUSINESS GROUP/DEPARTMENT	Notes	2021 Actual	2022 Actual	2023 Budget	2022 Est. Act.	2024 Proposed Budget	# Change 2023 Bud- 2024 Bud	% Change 2023 Bud- 2024 Bud
Waterfront Project Management	1	23.0	38.0	39.0	39.0	40.0	1.0	2.6%
Cruise Operations		4.0	4.0	4.0	4.0	4.0	0.0	0.0%
Marine Maintenance	2	145.0	145.0	150.0	150.0	152.0	2.0	1.3%
Maritime Division Management		5.0	5.0	7.0	7.0	7.0	0.0	0.0%
Maritime Marketing		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Recreational Marinas & Commercial Operations		41.5	41.5	41.5	41.5	42.5	1.0	2.4%
Elliott Bay Fishing & Commercial Operations		4.0	4.0	4.0	4.0	4.0	0.0	0.0%
Fishing & Operations Admin		2.0	2.0	2.0	2.0	2.0	0.0	0.0%
Maritime Security		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Recreational Boating		20.5	21.5	21.5	21.5	21.5	0.0	0.0%
Ship Canal Fishing & Operations	3	12.0	11.0	11.0	11.0	12.0	1.0	9.1%
Maritime Environment & Sustainability	4	23.0	23.0	26.0	26.0	27.0	1.0	3.8%
Seaport Finance		14.0	15.0	17.0	17.0	17.0	0.0	0.0%
Stormwater Utility		3.0	3.0	4.0	4.0	4.0	0.0	0.0%
<b>TOTAL MARITIME DIVISION</b>		<b>261.5</b>	<b>277.5</b>	<b>291.5</b>	<b>291.5</b>	<b>296.5</b>	<b>5.0</b>	<b>1.7%</b>

FTE.XLS

Notes:

- 1) Waterfront Project Management received 8.0 Internal transfers (Sr Mgr MM Project & Compliance, Proj Controls Coordinator, Project Mgr I (2), Project Mgr II, and Project Mgr III (3)) from Marine Maintenance and added 7.0 FTEs (Assistant Project Manager, Cost Estimator, Project Controller, System Analyst, Project Manager III-NWSA, Project Manager I-NWSA, Project Manager) at the start of 2022. For 2023, 1.0 FTE (WPM Grant administrator) was added, and a Capital Project Manager V will be added in 2024.
- 2) Marine Maintenance eliminated 2.0 FTEs (Carpenter and Sign Painter) in 2021. At the start of 2022, 8.0 FTEs (see note 1 for position titles) were transferred to Waterfront Project Management and added 8.0 FTEs (Fleet Asset Specialist, Material Inventory Specialist, Facility Maintenance Manager - North Properties, Plumber, Sprinkler Fitter, Clean Team (2), Stormwater Team). For 2023, 5.0 FTEs were added (MM Facilities Manager II, Landscaper, 2 Clean team members, Laborer). For 2024, 2.0 FTEs (Facilities Asset ISO Specialist, Auto Machinist) will be added.
- 3) Ship Canal Fishing & Operations eliminated 1.0 FTE (Salmon Bay Marina Harbor Operations Specialist) in 2023. For 2024, a Billing Analyst will be added.
- 4) Maritime Environment & Sustainability added 4.0 FTEs (Env Management Specialist – Remediation, Env Program Manager – Building Audits, Env Program Manager – Maritime Decarbonization, Contract Specialist) and transferred 1.0 FTE (Senior Planner) to Maritime Division Management in 2023. For 2024, an Administrative Assistant will be added.

**F. MARITIME CAPITAL BUDGET**

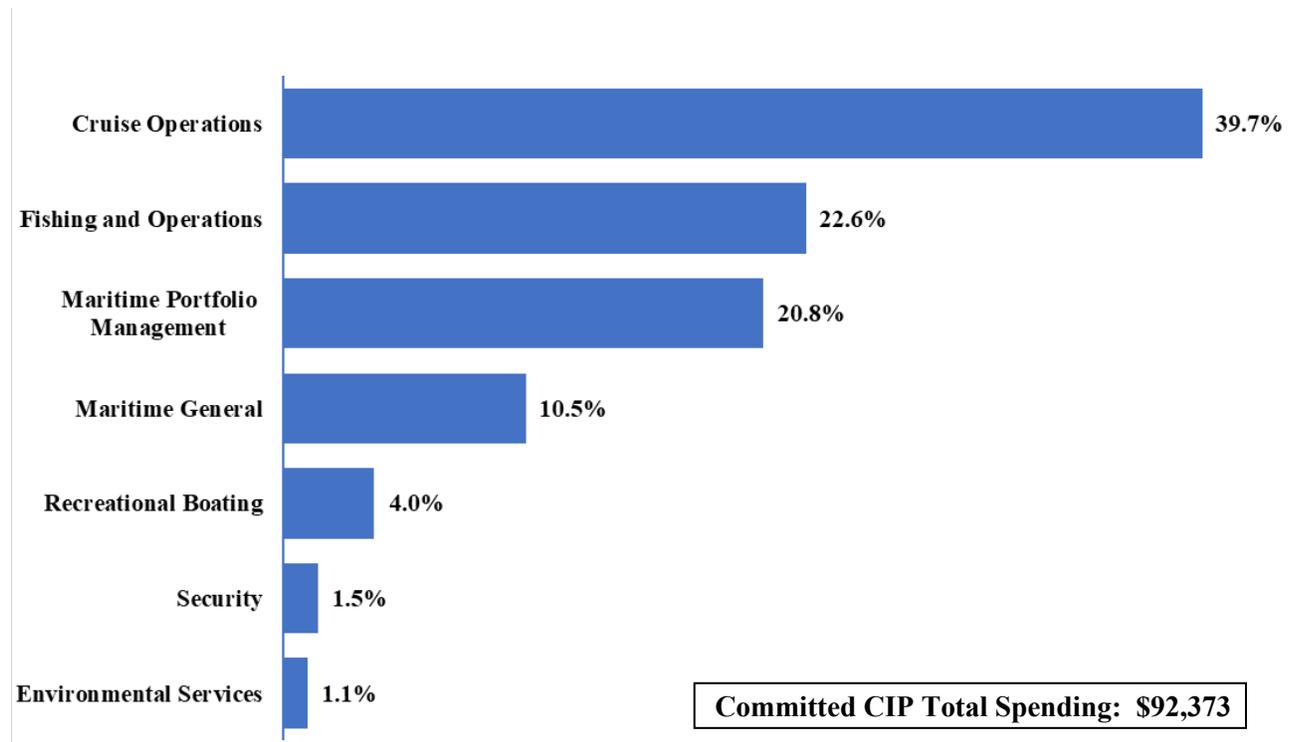
**TABLE V-8: MARITIME CAPITAL BUDGET SUMMARY**

(\$ in 000's)	2024 Budget	2024-2028 CIP	% of 2024 Total Committed
<b>Committed Capital Projects</b>			
Cruise Operations	\$ 36,661	\$ 47,682	39.7%
Fishing and Operations	20,858	91,838	22.6%
Maritime Portfolio Management	19,147	39,310	20.7%
Maritime General	9,687	26,487	10.5%
Recreational Boating	3,645	9,826	3.9%
Security	1,400	1,400	1.5%
Environmental Services	975	10,477	1.1%
<b>Total Committed</b>	<b>\$ 92,373</b>	<b>\$ 227,020</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 16,652</b>	<b>\$ 174,537</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (24,200)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 84,825</b>	<b>\$ 401,557</b>	

CAPSUM.xlsx

**FIGURE V-5: MARITIME COMMITTED CAPITAL BUDGET**

(\$ in 000's)



**Committed CIP Total Spending: \$92,373**

**G. MARITIME DIVISION OPERATING STATISTICS**

**TABLE V-9: MARITIME OPERATING STATISTICS**

Year	Cruise Ship Sailings		Cruise Passengers		Grain	
	Number	Growth	Number	Growth	Metric tons	Growth
2003	99		344,922		3,107,732	
2004	148	49.5%	562,308	63.0%	3,898,491	25.4%
2005	169	14.2%	686,978	22.2%	5,049,107	29.5%
2006	196	16.0%	751,074	9.3%	5,901,821	16.9%
2007	190	-3.1%	780,593	3.9%	5,333,018	-9.6%
2008	210	10.5%	886,039	13.5%	6,400,778	20.0%
2009	218	3.8%	875,433	-1.2%	5,512,164	-13.9%
2010	223	2.3%	931,698	6.4%	5,491,360	-0.4%
2011	195	-12.6%	885,949	-4.9%	5,026,868	-8.5%
2012	202	3.6%	935,000	5.5%	3,161,013	-37.1%
2013	187	-7.4%	870,994	-6.8%	1,351,417	-57.2%
2014	179	-4.3%	823,780	-5.4%	3,618,489	167.8%
2015	192	7.3%	895,055	8.7%	3,778,476	4.4%
2016	203	5.7%	983,539	9.9%	4,389,089	16.2%
2017	218	7.4%	1,071,594	9.0%	4,362,603	-0.6%
2018	216	-0.9%	1,114,888	4.0%	4,378,796	0.4%
2019	211	-2.3%	1,203,317	7.9%	3,403,662	-22.3%
2020	-		-		4,239,804	24.6%
2021	82		229,060		4,720,156	11.3%
2022	296	261%	1,309,306	472%	4,390,611	-7.0%
2023 Budget	289	-2%	1,430,000	9%	4,338,000	-1.2%
2024 Budget	276	-4.5%	1,660,000	16.1%	3,730,000	-14.0%

# **VI. ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT DIVISION**

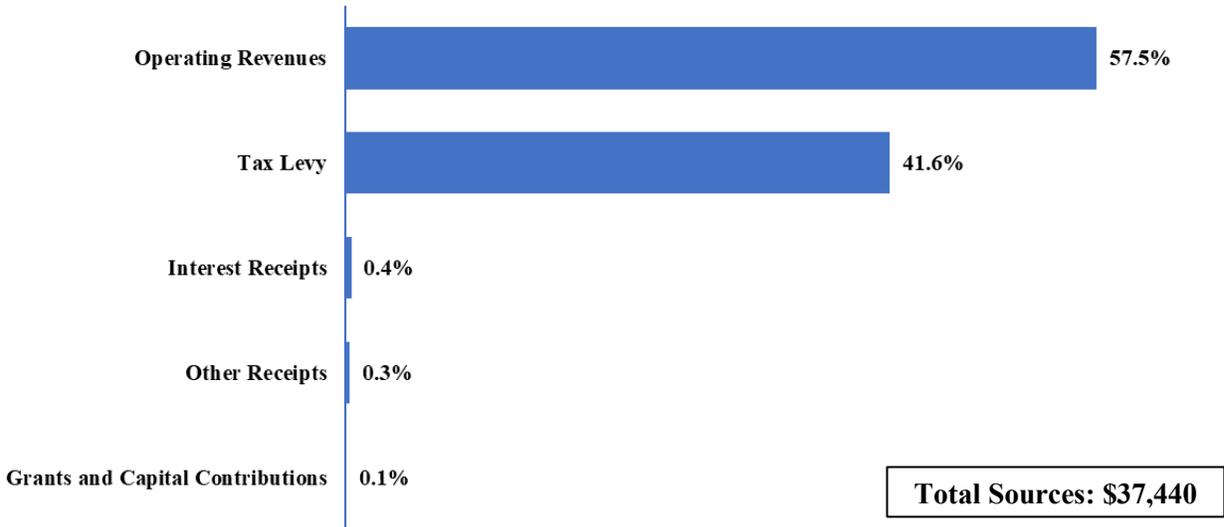
**A. 2024 BUDGET SUMMARY**

**TABLE VI-1: ECONOMIC DEVELOPMENT CASHFLOW SUMMARY**

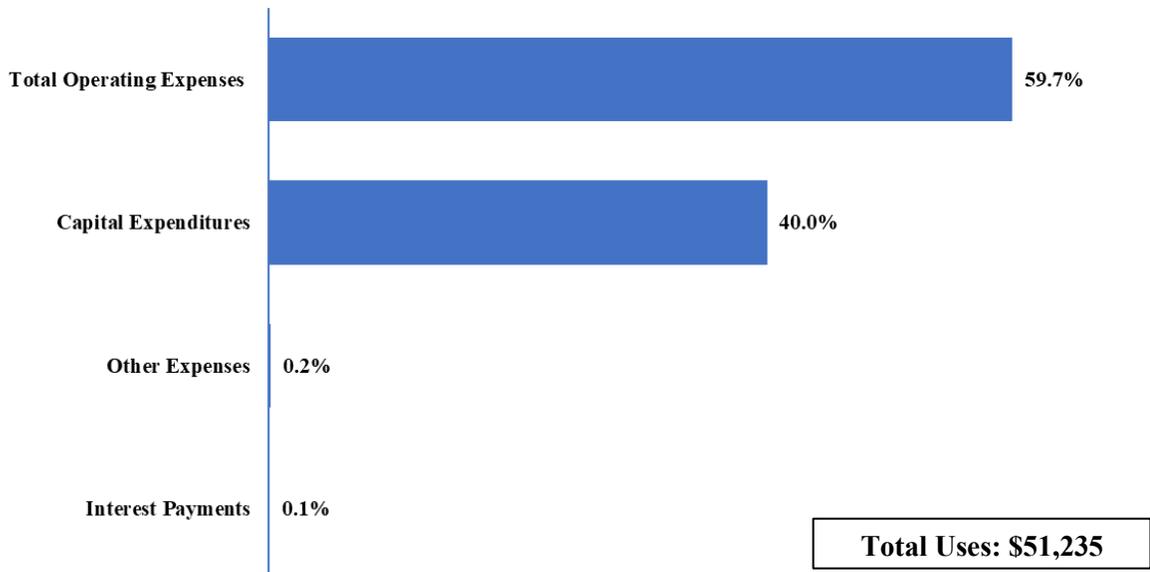
(\$ in 000's)	<u>2024</u>	<u>Percent of Total</u>
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues	\$ 21,542	57.5%
Interest Receipts	167	0.4%
Proceeds from Bond Issues	-	0.0%
Grants and Capital Contributions	25	0.1%
Tax Levy	15,590	41.6%
Other Receipts	115	0.3%
<b>Total</b>	<b>\$ 37,440</b>	<b>100%</b>
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	30,599	59.7%
<b>Debt Service:</b>		
Interest Payments	42	0.1%
Bond Redemptions	0	0.0%
Total Debt Service	42	0.1%
Other Expenses	93	0.2%
Public Expense	0	0.0%
Capital Expenditures	20,501	40.0%
<b>Total</b>	<b>\$ 51,235</b>	<b>100%</b>

CASHFLW.xlsx

**FIGURE VI-1: ECONOMIC DEVELOPMENT SOURCES OF CASH**  
(\$ in 000's)



**FIGURE VI-2: ECONOMIC DEVELOPMENT USES OF CASH**  
(\$ in 000's)



**B. FINANCIAL FORECAST**

**TABLE VI-2: ECONOMIC DEVELOPMENT FINANCIAL FORECAST**

(\$ in 000's)	2021	2022	2023	2024	2025	2026	2027	2028	2024 - 2028
	Actual	Actual	Budget	Proposed Budget	Forecast				Compound Growth
<b>OPERATING BUDGET</b>	Notes								
Operating Revenue	\$ 9,294	\$ 17,799	\$ 22,201	\$ 21,542	\$ 22,457	\$ 23,356	\$ 25,001	\$ 26,725	5.5%
<b>Total Operating Revenues</b>	<b>9,294</b>	<b>17,799</b>	<b>22,201</b>	<b>21,542</b>	<b>22,457</b>	<b>23,356</b>	<b>25,001</b>	<b>26,725</b>	<b>5.5%</b>
Total O&M Expenses w/o Pension Credit	20,560	24,200	30,149	30,599	32,731	34,695	36,777	38,983	6.2%
DRS Pension Credit	(2,396)	(629)	-	-	-	-	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	<b>18,164</b>	<b>23,571</b>	<b>30,149</b>	<b>30,599</b>	<b>32,731</b>	<b>34,695</b>	<b>36,777</b>	<b>38,983</b>	<b>6.2%</b>
NOI Before Depreciation (with Pension Credit)	(8,870)	(5,771)	(7,948)	(9,057)	(10,275)	(11,339)	(11,776)	(12,258)	7.9%
Total Depreciation Expense	3,841	3,954	3,982	4,024					
<b>NOI After Depreciation (with Pension Credit)</b>	<b>(12,711)</b>	<b>(9,725)</b>	<b>(11,930)</b>	<b>(13,081)</b>					
									<b>Total 2024 - 2028</b>
Committed Capital Budget	4,311	8,987	4,407	22,966	57,482	5,774	3,535	5,211	94,968
Business Plan Prospective	-	-	4,280	6,259	28,720	25,980	16,181	5,187	82,327
CIP Cashflow Adjustment Reserve	-	-	(1,950)	(8,724)	5,234	3,490	-	-	0
<b>Total Capital Budget</b>	<b>1) \$ 4,311</b>	<b>\$ 8,987</b>	<b>\$ 6,737</b>	<b>\$ 20,501</b>	<b>\$ 91,436</b>	<b>\$ 35,244</b>	<b>\$ 19,716</b>	<b>\$ 10,398</b>	<b>\$ 177,295</b>

EDBPFOR.xls

Note:

- 1) See Section IX for details of Capital Improvement Plan.

**C. ECONOMIC DEVELOPMENT DESCRIPTION/BUSINESS ASSESSMENT**

**MISSION:**

Support economic recovery in King County and across the state by advancing trade and travel, promoting manufacturing and maritime growth, while advancing equity and sustainability.

**VISION:**

The Port’s Economic Development Division will help meet regional needs for Aviation and Maritime services, while advancing equitable economic recovery in all communities we serve. The Economic Development Division will implement initiatives that foster equitable economic development across King County and Washington State:

- Help Port tenants and small business partners rebound from COVID-19 related challenges.
- Support tourism recovery initiatives with Washington State’s Tourism Department, Visit Seattle, and industry partners.
- Support regional economic recovery via Economic Development Partnership Grant Program and support for Greater Seattle Partners.
- Redevelop Port properties (ex. T-91 Uplands) and further evaluate strategic real estate acquisitions and development partnerships.
- Maintain high occupancy (90+%) rates for the Port’s maritime and economic development properties.
- Maintain and operate the Port’s Pier 69 headquarters facility.
- Support maritime and cross Port innovation initiatives to discover, promote and help advance promising innovations, ventures, and startups.
- Advance Women/Minority Business Enterprises (WMBE) across the Port of Seattle and support their pursuit of Port opportunities.

**MAJOR/NEW INITIATIVES:**

**Diversity in Contracting**

- Implement outreach and technical assistance initiatives to help Port small business partners.
- Further establish advanced classes and accelerator training programs for WMBE and Disadvantaged Business Enterprise (DBE) businesses.
- Exceed 15% goal for WMBE utilization (Non-Construction) within EDD. Help other divisions advance WMBE utilization and exceed the Port's goal of 15% utilization (Non-Construction). Achieve 15% Port wide utilization (Construction and Non-Construction).
- Complete a Disparity Study to assess WMBE utilization and to comply with federal rules and regulations for DBE program.
- Establish new utilization goals for Diversity in Contracting program and establish Portwide goals for Veteran Owned Business and LGTBQ+ business utilization.

**Tourism**

- Help international tourism rebound through sales missions, familiarization tours, trade show attendance and other travel trade industry efforts in key markets such as the U.K., Germany, Australia, Scandinavia, Japan and more.
- Strengthen relationships with State of Washington Tourism (SWT) and Visit Seattle with special focus on international markets and representation.
- Utilize tourism grant program to advance sustainable and equitable tourism events and destinations.
- Promote Cruise & Stay to passengers who will stay longer, spend more, and travel responsibly.

**Real Estate Development and Asset Management**

- Redevelop Port properties (i.e., Terminal 91 Uplands, Salmon Bay Marina, and Maritime Industrial Center) in line with key recommendations in the Port Real Estate Strategic Plan.
- Implement key recommendations from 2024 Aviation Real Estate Strategic Plan.
- Investigate real estate acquisitions and partnerships that advance the Port's mission and priorities.

**Portfolio and Asset Management**

- Rebuild team structure and processes under the leadership of the new Director.
- Provide contracting opportunities for WMBE and small businesses.
- Incorporate new Green Leasing language in all Maritime and EDD leases, new and renewing.
- Maintain 90% occupancy in Economic Development and Maritime properties.

**Pier 69 Facility Management**

- Advance the hybrid workplace and shepherd capital improvement projects at Pier 69 Headquarters.

**Economic Development and Innovation Partnerships**

- Support regional economic recovery via the Economic Development Partnership Grant Program.
- Support Greater Seattle Partners' regional economic development programs such as the Greater Seattle Export Accelerator.
- Support Duwamish Community Equity Partners' economic development initiatives.
- Support maritime innovation initiatives to discover, promote and help advance promising maritime ventures and startups.
- Advance innovation initiatives across the Port serving as coordinating hub for Portwide collaboration.
- Support regional equitable business support through Community Business Connector program.
- Explore feasibility of an International Public Market to support tourism and small business entrepreneurship.

**DIVISION DESCRIPTION:**

The division is comprised of the following five business and service groups:

**Real Estate Development and Planning**

The Port owns hundreds of acres of property that can be developed to advance the Century Agenda. Thoughtful stewardship of these properties can support quality jobs, protect industrial lands, advance aviation, and maritime industries, and generate tax revenues for local government partners.

In a supportive role, the Real Estate Development team is a responsible advocate for the environmental, aviation and maritime divisions and their real estate needs. supporting real estate planning and a variety of development projects. As one of the region's largest landowners, we leverage our real estate land holdings to promote job growth, community development and sustainability. While utilizing our tools via intellectual capital, a broad network, experience, and financial capabilities.

Except for housing, the Port's Real Estate portfolio is made up of every major commercial real estate product type. From raw land to light industrial. From specialty retail to office. The Real Estate Development and Planning team facilitates the development of properties to maximize their performance and earning potential. The team also identifies and evaluates new property acquisition opportunities and provides counsel to other divisions regarding real estate management and development.

**Portfolio and Asset Management**

The purpose of the Portfolio and Asset Management Department is to strategically position the Economic Development and Maritime Divisions' diverse portfolios of commercial and industrial real estate assets to achieve positive return on the public's investment through effective asset management with a focus on Maritime and industrial uses. The team works to ensure compliance with all legal, financial, and regulatory aspects of public entity ownership while respecting the environment and aligning goals with the Port's Century Agenda.

Portfolio and Asset Management manages leasing, marketing, maintenance, and planning for 4 million square feet of conference, office, retail, commercial, and industrial buildings, and land. It works to enhance the value of the Divisions' assets through strategic asset planning and repositioning. Portfolio and Asset Management is organized into four groups:

**Central Harbor Portfolio Asset Management**

Responsible for Division assets located from Terminal 91 to Pier 2/CEM in West Seattle. This portfolio includes retail, office, commercial and industrial properties, and the conference and event centers.

**Maritime Real Estate Portfolio Asset Management**

Responsible for landside Division assets located from Terminal 91 to Shilshole Bay Marina and includes Terminal 106. This portfolio includes retail, office, industrial, warehouse, and land assets.

**Lease Administration and Utilities Group**

Processes and administers all lease, license and easement agreements for both the Economic Development and Maritime divisions. This includes monitoring for compliance with all agreement terms including insurance, surety, lease provisions, and amendments. The team also reads meters, processes payments, and bills customers for over 255 utility meters.

**Foreign-Trade Zone**

Manages and markets the use of the Port's Foreign-Trade Zone for the benefit of businesses that import/export goods from/to other countries. Submits annual Foreign-Trade Zone reports to Congress.

### **Pier 69 Facilities Management**

The purchase and redevelopment of the Pier 69 site in the late 1980s has proven to be a visionary move that served as a catalyst for the major redevelopment which has since occurred along the central waterfront. Pier 69 is a unique facility and a great example of adaptive reuse. It was constructed in 1931 by American Can Company and was originally used as a salmon cannery warehouse. The vision of the project team transformed the neglected, massive concrete structure into the Class A office building that has now served the Port and our working waterfront tenants for more than a quarter-century.

Pier 69 Facilities Management ensures the functionality of the Pier 69 site by integrating people, place, process, and technology. Our mission is to provide, operate, and maintain a safe, secure, comfortable, effective, and efficient workplace.

Facility management services include asset management, space management and planning, energy management, reception services, event coordination, mailroom/shipping/receiving, and administration of the site Commute Trip Reduction (CTR) program.

### **Diversity in Contracting**

The Diversity in Contracting (DC) department drives equitable economic development by supporting WMBE and DBE. The DC staff conducts outreach and trainings to ensure that WMBE and DBE firms are aware and capable of responding to Port contracting opportunities. DC staff also helps Port divisions/departments set annual WMBE utilization goals and helps identify WMBE utilization opportunities and requirements for upcoming Port procurements.

### **Economic Development and Innovation Initiatives**

The managing director, the economic development manager, and the assistant to the managing director provide general support to the division. This team also implements the Economic Development Partnership program and the Port's maritime innovation initiatives.

#### Economic Development Partnership Program

In 2016, the Port of Seattle established an economic development fund for King County cities to advance regional economic growth and the Port's Century Agenda. The Port's goals with the grant program are to facilitate growth in business, jobs, and economic activity in participating municipalities. At the same time, the partnerships this program establishes will help advance the Port's strategic "Century Agenda" objectives by advancing business development, job creation, and community revitalization region wide.

#### Maritime Innovation Initiatives

The division helps lead the Port's efforts to advance maritime innovation and establish a maritime innovation center at Fishermen's Terminal. The economic development team coordinates innovation center advisory committee meetings, fact finding trips, and works closely with other government, education, and private partners to support and stimulate innovation that helps sustain the region's maritime industry.

#### Port Innovation Initiatives

The division also organizes and sponsors internal innovation initiatives designed to advance new ideas and technologies within the Port. Organizing innovation seminars and workshops, supporting Shark Tank, and sponsoring annual innovation awards are a few of the initiatives that the division backs to foster Portwide innovation.

**BUSINESS ASSESSMENT:**

**Real Estate Development and Planning - Real Estate Market Analysis and Assessment**

**National**

PwC/ULI's 2024 Emerging Trends survey for all property types has once again put the industrial sector at the top of the average ratings for all major property types. Their study cites resilient consumption as the main driver in industrial rent growth, requiring more industrial space to move goods quickly and hold higher inventories. The urgency to secure more space, paired with delays in supply and rising replacement costs, pushed industrial rent to historic highs while vacancies fell to record lows.

On the other hand, office displaced retail as the lowest-ranked property sector this year. The pandemic forced structural shifts in how and where we work, and these changes continue to endure. Years after the onset of the pandemic, mandated health restrictions have lifted but most of us are still not back in the office nearly as often as in the "before times."

Key modern office design features include:

- High ceilings and floor-to-ceiling window lines that allow for abundant natural light.
- Sustainable design that minimizes or even zeros out the building's carbon footprint.
- Premium health and safety features, such as efficient HVAC systems with rapid air-refresh rates.

**Local**

The office market is struggling and highly volatile. According to Jones Lang LaSalle Inc (JLL), Seattle area office leasing volumes in Q1 of 2023 were nearly 50% below the three-year leasing average. Total office vacancy rates continue to climb (16.7% in Q4 of 2022 and 17.7% in Q1 of 2023). Tech layoffs, hiring freezes and hybrid work policies have resulted in downsizing of office footprints. Tenants are trying to sublet unused offices until their leases expire. The search for a post-pandemic new normal will continue.

The regional economy faces numerous challenges in 2024 especially with regional inflation levels being above national averages and with high interest rates. Per the Puget Sound Economic Forecaster, regional Consumer Price Index (CPI) for 2022 was 8.9% with forecast inflation of 4.6% in 2023 and 2.9% for 2024.

The industrial market remains stable, with vacancy below 5% in all but two Puget Sound submarkets. Seattle industrial vacancy ticked up in Q1 2023, mainly due to delayed large move-ins. Despite negative absorption, industrial leasing activity remained robust. JLL states that rental growth remains strong, with new construction driving up rates by approximately 14% year-over-year. As the economy softens, vacancies are expected to increase, putting pressure on rent rates.

**Major trends that can be anticipated to impact the real estate sector in 2024:**

The white-hot industrial market seems set to cool after several years of unprecedented demand growth and rent gains that have pushed rents far above prior records. It still enjoys record-low vacancy rates and overall growth is expected but at more modest rates than in previous years.

The post-pandemic return to office workplace strategy is unclear, with smaller employers looking to top tech employers to set the pace. Tight labor markets give employees the upper hand in these negotiations, and employees are resisting employer desires to have workers return to the office.

## **Conference and Event Centers**

### Local Market Analysis and Assessment

Bell Harbor International Conference Center (BHICC) has been a major success since opening in 1996. It has helped anchor Seattle's waterfront revitalization, generated significant international interest in the region, contributed significant economic impacts to the region and become an asset which contributes to the Port's bottom line.

The regional conference marketplace is rapidly evolving, and multiple new and compelling event spaces were recently introduced in Seattle, Bellevue, and other nearby communities. Still recovering from impacts of pandemic, the team is focusing on the future and has launched an assertive marketing campaign to regain sales momentum.

Despite the pandemic, Bell Harbor occupies a niche position in the local market as a mid-sized flexible event space. It is smaller and more intimate than the Washington State Convention Center (WSCC) and Lumen Field Event Center but larger than most large hotel conference venues. With copious windows, Bell Harbor allows attendees to enjoy daylight and waterfront views from most rooms. BHICC does not directly compete with the Convention Center and, in fact, fulfills an otherwise missing component for mid-sized flexible event space in the market. Our ability to expand events into the Pier 66 Cruise Terminal allows for large events with appropriate physical distancing and will support our re-emergence.

In the long run, the WSCC expansion will create new opportunities for increased, large conventions in Seattle and will benefit Bell Harbor by hosting displaced groups or supporting events. A short-term challenge is the increased supply of hotel meeting and event space, built in anticipation of the WSCC expansion. It has become apparent that a city-wide strategy is to drop prices to encourage demand to relocate to these new, modern facilities.

Thanks to the Port's investment in a modernized facility, our position is still strong, and the completion of the Waterfront transformation will only increase the distinction and desirability of our waterfront location and amenities.

## **Pier 69 Facilities Management**

### Market Analysis and Assessment

Our Pier 69 headquarters has now been in operation since the late 1980s. The facility is well maintained but the building is showing its age and will require significant investment over the next two decades. Pier 69 is well-positioned to support the developing hybrid workplace, and to maintain a healthy and safe work environment.

A programmatic plan has been developed to guide the renewal, replacement, and modernization of major building systems through 2042. The plan outlines \$30-35 million of activity through 2027. An additional \$20-25 million of activity is programmed from 2028 through 2042. This ongoing investment will be required to maintain the effectiveness, efficiency, and resilience of our Class A office.

## **Diversity in Contracting**

### Market Analysis and Assessment

The economy is now showing improvements in 2024 as COVID-19 restrictions have lifted. However, businesses are still struggling due to several challenges that range from technical and capital support, worker shortages, and supply chain issues.

Although these challenges are front and center within the market, the EDD's Diversity in Contracting's (DC) program continues to push its robust outreach efforts combined with effective business resiliency support by providing business opportunities, trainings & workshops, and Accelerator (mentorship) programs to support small and WMBE firms. These efforts and more are supporting communities through the maintaining of their staff and other beneficial economic activities.

As a result, the Port's EDD is viewed as a major contributor to the local and regional small business and WMBE economic engine amongst outside governments, non-profits, and chambers.

For 2024, the DC department is a major core element for advancing the Port-wide WMBE and Federal DBE goals, especially in support of the Port's Capital programs.

## **Tourism Development**

### Market Analysis and Assessment

As the tourism industry transitions out of recovery mode, the Port and its tourism partners from across the state face increased challenges from the competition to drive visitation and visitor spending from key markets. International visitors continue to be the key target market as these visitors tend to stay longer, spend more, visit urban and rural areas, and are receptive to messaging around responsible tourism practices. International visitors also present the best opportunity to grow average length of stay through the Port's "Cruise & Stay" marketing.

The Port's partnerships with State of Washington Tourism (SWT) and Visit Seattle strengthened significantly in 2023 and will continue to pay dividends in 2024. By positioning the Port as a key strategic partner with these partner organizations, we can maximize the efforts and strengths of each organization to minimize duplication of efforts and drive positive results for all. Through these partnerships, the Port can support its tourism partners statewide by doing what they cannot do for themselves - amplify Washington's story across the globe.

Through its relationship with SWT, the Port will have in-market representation in the key markets of UK/Ireland, Australia, Germany, Japan, and South Korea with additional opportunities in France/Benelux, Scandinavia, India, and China.

Maintaining relationships with key industry partners, media and travel producers on a global scale is the key to international success. For this reason, the Port will attend travel trade shows, conduct sales missions and trainings, and host familiarization tours and press trips with a focus on top markets.

Destination stewardship and responsible travel will also continue to have a larger presence in the Port's programs. Attracting visitors who share Washington's vision for responsible travel will be a priority. All our efforts within the industry and community will strive to showcase the importance of equity, diversity, and inclusion.

In addition, our Tourism Marketing Support Program (TMSP) and airport spotlight advertising program will play key roles in enabling our local industry partners to reach new audiences and expand Port

priorities. The TMSP evaluation system will be reinvigorated to further support the Port’s environmental and EDI priorities.

The opportunity to build towards a better future for Seattle, Washington State, the tourism industry, and the planet is a long-term organizational goal for the Port. By strengthening its industry partnerships and taking a forward-thinking approach to its global sales efforts, the Port will solidify its position as one of the premier economic engines of the region.

**Economic Development and Innovation Initiatives**  
***Economic Development Partnership Program***

Market Analysis and Assessment

The Port began working with cities in King County at the start of COVID-19 (early 2020) to pivot Economic Development Partnership projects to address acute economic needs, while also working with smaller cities to modify projects to support local businesses. Over half of the participating cities pivoted or reallocated resources to projects that supported COVID-19 relief and recovery.

As the pandemic progressed, cities were able to use Port funding as a flexible funding source to help connect small businesses to federal business aid programs through technical assistance (such as filling out forgivable-loan applications) or communication (developing resource newsletters to communicate with local businesses.) The Port also convened cities on five virtual meetings to identify resources to support small businesses, share response best practices as the crisis evolved, and offer feedback on the Greater Seattle Partners Recovery Framework.

As cities in King County rebuild from the COVID-19 pandemic, the Port’s Economic Development Partnership Program has demonstrated that it is a flexible funding source that can be used to leverage state and federal assistance programs in King County. The accessibility of the funding and the simpler, yet accountable reporting requirements, make the grants a valuable tool for cities to fill gaps and extend a regional safety net for small businesses.

Today, the economy continues to recover as COVID-19 cases continue to decrease, and cities begin to develop plans on how to use a once-in-a-generation level of federal assistance made through the American Rescue Plan Act (ARPA). The Port will continue to be a regional convener in King County and use the economic recovery tool to let cities address acute recovery needs.

This year Cities are continuing to address pandemic related challenges impacting their local economies:

- 51% of Port awarded funding supports small business assistance initiatives.
- 35% of funding supports buy local/placemaking projects and tourism projects.

As an example of small business assistance, the cities of Kirkland, Bellevue, Renton, Issaquah, and Redmond continue to support (re)Startup 425 to provide multilanguage technical assistance to help businesses impacted by COVID-19. The City of Burien is helping small businesses engage online by using digital marketing, digital payment processing, and e-commerce to grow sales.

Demonstrations of buy local/placemaking projects include Kirkland, which continues to grow Shop Local Kirkland – a centralized e-commerce marketplace for local products and services. Additionally, Kent is funding a pilot for on-call architect services to advise small businesses that are moving into commercial spaces to help mitigate unexpected building costs, decrease front-end costs, and help the businesses obtain capital.

Connection to 2024 Port-Wide Goals

The Port of Seattle Economic Development Partnership grants will continue to drive equitable recovery and build positive partnerships with King County Cities. Port staff will continue to guide cities to use funds to support local small businesses and rebuild the tourism/travel industry.

In the 2022-2024 grant cycle, the Port of Seattle has awarded about \$1.65 million to 29 cities in King County. Based on cities planned projects and budgets, the cities and the Port will be making a combined investment of almost \$2.65 million.

*Maritime Innovation Initiatives and Center Development*

Market Analysis and Assessment

Washington's maritime industry supports over 75,000 jobs and the industry is essential to our region's future. Maritime employers provide blue-collar employment opportunities in rural and urban communities. Maritime operations help protect our working waterfronts and harbors. And Washington's maritime cluster is well-positioned to grow into the future.

Often overshadowed by the Seattle region's tech economy, our maritime sector's potential is overlooked. A growing Blue Economy is just beginning to gain recognition globally as regions start to recognize the importance of the ocean for economic development, recreation, sustenance, and quality of life purposes. Washington's new Maritime Blue plan embraces the Blue Economy opportunities and is a bold new blueprint for advancing Washington's maritime industries.

The Port is a key Maritime Blue partner. Advancing maritime innovation initiatives can position our lines of business and maritime business partners for future growth and success. New opportunities for the region include alternative low carbon vessel propulsion systems, surface and undersea robotics, arctic research, seafood product development, and digitization.

To realize these innovation opportunities, the region's maritime cluster must collaborate more effectively. The new Maritime Blue cluster organization can help the industry overcome fragmentation that has so far stymied the industry's ability to advance new ideas and technologies. The Port can help guide this organization towards success and make additional investments to help anchor regional maritime innovation.

**CHALLENGES AND OPPORTUNITIES:**

**Real Estate Development and Planning**

**Strengths:**

- Strategically located properties with favorable zoning regulations consistent with our mission.
- Experienced internal team with strong relationships in the industrial markets that pertain to the Port's mission.
- Port Commission committed to develop Port properties.
- Real Estate Strategic Plan sets clear priorities and triggers workforce development.
- New FTE in planning cuts direct costs for contracting for schematic design.
- Balance operational needs and neighboring properties to ensure we maximize equity when planning for SEA Real Estate development.

**Weaknesses:**

- Port properties expensive to develop (brownfields, soils, etc.).
- Port's limited experience delivering spec projects means time to market is a systemic issue.
- Capacity constraints in procurement means long contracting intervals.

**Opportunities:**

- New SEA Plan highlights opportunities for direct development investment and equity level operational improvements.
- Changing economic setting may make for opportunities in land investment.
- External regulatory changes that incentivize sustainable construction practices can present opportunities.
- Balance operational needs and neighboring properties to ensure maximizing equity opportunities when planning for SEA Real Estate development.

**Threats:**

- Heightened sensitivity to environmental conditions may reduce existing footprint of Port available land for development.
- Labor, economic, and political instability may threaten the viability of certain projects.

**Portfolio And Asset Management**

Commercial Properties

**Strengths:**

- Properties located in desirable areas for maritime and industrial users
- Experienced and diverse team
- Clear and robust processes guide strategy and work

**Weaknesses:**

- Loss of director creates a loss of institutional knowledge.
- Aging assets (almost all are 25-40 years old) demand more repair and replacement attention and reinvestment capital.
- Expense and time commitments related to implementing energy conservation initiatives (renewable natural gas, EV charging, energy management system, etc.).
- Port policies and regulations impact our efficiency and market competitiveness.
- Many properties are challenging to lease due to lack of public transportation, parking, and amenities.

**Opportunities:**

- Industrial real estate market remains stable and relatively strong compared to retail and office.
- Support equity initiatives via service contracts (brokerage, etc), which are opportunities to hire WMBE and small businesses.
- Support sustainability initiatives such as green leasing, electric vehicle charging stations, energy management system, etc.
- Strategic planning and redevelopment to utilize properties for meaningful support of maritime and industrial markets (i.e., Terminal 91 Uplands, Salmon Bay Marina, and Maritime Industrial Center).
- Public-private partnerships or other agency partnerships to improve existing properties.

**Threats:**

- Changing work patterns disrupting office space and occupancy (downsizing, subletting, relocating outside city limits).
- Regional construction & transportation project impacts:
  - Leasing/renewals (Sound Transit at T102, USCG expansion at P34).
  - Waterfront access (Aquarium/SDOT).
  - Safety (Alaskan Way Protected Bike Lane).
- Ongoing vandalization, thefts and public safety concerns raised by existing tenants, Port employees, Port crews and contractors.
- Increasing operational expenses (utilities, permits, materials, and maintenance).

Conference and Event Centers

**Strengths:**

- New renovated facility with advanced technology to support in person and remote meetings.
- Iconic, niche facility in desirable location.
- Assertive yet prudent management team with deep experience in the market, who continue to leverage their experience managing yield within shorter booking windows, which have become the norm in the current market.
- Dedicated in-house culinary, banquet service, and operations team that provides a level of product consistency and quality that is unmatched by third-party service providers, which many comparative venues utilize to provide their catering and guest services.
- Within the past 12 months, we have rehired and retained over 90% of the full-time team members that were employed before the pandemic, which affords us the talent and experience needed to provide consistent, world-class product and service to our clients and guests.
- Within the past 12 months, we have built a more diverse and experienced sales, events, and management team to move the entire Conference and Event Center into a successful future.

**Weaknesses:**

- Parking capacity and cost at Pier 91, Smith Cove Conference and Event Center is very limited and inconveniently located. Also, public transportation options to the site remain limited. It is a challenging environment and only appropriate for very specific types of businesses.
- The final phases of the Waterfront revitalization, particularly as they impact Alaskan Way and the immediate surrounding area, will cause unusual and sometimes unpredictable challenges for vehicle and pedestrian traffic, which can impact client and guest access to Pier 66.

**Opportunities:**

- With our innovative, yet prudent management operator, Columbia Hospitality, at the cutting edge of the future of meetings, we will create new opportunities and new forms of business meetings and social events.
- Large tech employers have been downsizing but are seeking event space to celebrate employees returning to work. Smaller local organizations are ramping up trainings and collaboration meetings.
- With the significant increase in guest room supply, average hotel room rates have dropped. This provides an opportunity to bring conference and event business to the area which has been rate sensitive in the past. Leveraging partnerships with nearby hotel properties has proven successful in some market segments which have previously skipped Seattle due to higher prices. Room rates are forecasted to return to 2019 levels by mid to late 2024.
- The recent renewal of the Seattle Metropolitan Improvement District (MID) is a welcome indication of continued local investment, providing funding for safety, security and sanitation in the waterfront and adjacent areas for the next 10 years.

**Threats:**

- Hiring experienced labor and retaining well-trained team members continues to be a hurdle, pushing wages, creative incentives, and additional benefits to higher levels.
- The newly completed Summit expansion at the WSCC is aggressively offering event space at extreme discounts to attract new clients and pull business away from longer-standing venues, such as BHICC.
- Short lead times in the market is continuing the trend towards just-in-time event planning which creates challenges in forecasting and logistics.

**Pier 69 Facilities Management**

**Strengths:**

- Scenic location and spacious, well-ventilated office promotes recruitment, retention, wellness, engagement, and a hybrid workplace.
- Site ownership provides maximum control as the hybrid work environment evolves.
- Site does not have significant deferred maintenance.
- Facilities are 100% electrified, energy efficient, and utilizes a solar array.
- Public access on the north apron provides recreational opportunities.

**Weaknesses:**

- Aging building systems will require significant investment over the next two decades.
- Low utilization of space.
- Limited on-site dining options for employees.
- Uncertainty regarding service life of the concrete pier.

**Opportunities:**

- Flexible work arrangements could yield leasable space that generates new revenue.
- Upcoming construction projects will provide opportunities for WMBE businesses.
- Partnerships with passenger ferry agencies.
- Partnerships to improve last-mile transit options.

**Threats:**

- Site is in a liquefaction zone.
- Climate Change.
- Limited last-mile transit options.
- Increased crime/public safety issues.

**Diversity in Contracting (DC)**

**Strengths:**

- Port Commission, executive, and staff set strong policy and direction.
- DC Staff is well connected and has significant technical experience.
- Partnerships with WMBEs, community organizations and government agencies.
- External trainings/workshops and online presence.
- Contracting mechanism that drives WMBE Inclusion.

**Weaknesses:**

- Growing capital program stretches DC staff capacity.
- Staff bias still exists against inexperienced firms.
- Short time for project advertisement - this impacts the targeted outreach.

- Inability to leverage more alternative delivery projects that increase WMBE utilization.
- WMBE Data Information System.
- DC staff has limited influence over smaller Cat 1 (less than \$50K) contracts.
- Not having a cohesive compliance system to track & monitor WMBE/DBE utilization and prompt payments, Lack of “Ombudsmen” support for WMBE/DBE businesses on PLA contracts.

**Opportunities:**

- Strong community/ethnic media network can enhance Port WMBE/DBE utilization program.
- Strong potential to grow WMBE/DBE utilization as part of future accelerator programs.
- Public and political interest in racial equity and support for BIPOC businesses.
- Strong potential to encourage current BIPOC workforce to start businesses in areas of need.
- Leverage more alternative delivery (Design/Build, General Contractor/Construction Manager) projects.
- Improve Language Access and dissemination of information.

**Threats:**

- I-200 litigation risk impacts Diversity in Contracting outcomes.
- Availability/Capacity of WMBE businesses impacted by pandemic.
- Perception that Port is not fully committed to Diversity in Contracting.
- Concurrent procurement opportunities within region may impact WMBE availability.
- Supply Chain issues impact labor availability, costs, job performance, etc.
- Perception that the Port is only looking at numbers, not accountabilities (utilization of same WMBE firm to reach numbers – WMBE utilization still needs work).
- Small and WMBE businesses finding workers due to economic recovery – may shy away from PLA projects.
- Self-Identification of WMBE Firms.

**Tourism Development**

**Strengths:**

- Position as key gateway for international arrivals and Alaska cruises.
- Embrace of EDI, destination stewardship, and responsible travel.
- Strong partnerships with local partners and global travel industry.

**Weaknesses:**

- Lack of digital resources and website content for tourism industry.
- Timelines/processes for contracting/payments are challenging.

**Opportunities:**

- Potential to grow visitor spending through “Cruise & Stay” marketing.
- Strong industry interest in familiarizations tours and press trips to the region.

**Threats:**

- Lack of workers within hospitality industry.
- Real and perceived negative impacts of tourism (esp. Cruise) on the environment.
- Brand tarnish due to coverage of crime and homelessness.
- Competition for traveler dollars and investments from other major US destinations with larger budgets (i.e. California, Oregon, Colorado, etc.).

## **Economic Development and Innovation Initiatives**

### Economic Development Partnership Program

#### **Strengths:**

- Grants help advance Port’s regional economic priorities during COVID-19.
- Talented team supports grants and provides city economic development support.
- Grants provide niche funding for business assistance, buy local/placemaking, and tourism projects, that are expected to:
  - Promote regional economic diversification and main street recovery.
  - Try new approaches to advance equitable economic development.
  - Supports small businesses through technical assistance and tourism development.
  - Recapture spending within the city.
  - Ultimately create or retain jobs.

#### **Weaknesses:**

- Grant outcomes/metrics are not uniform across participating cities.
- Grant program not well integrated with other Port community investments.
- Cities often challenged to implement projects in less than a year.
- Promising regional economic development initiatives can be difficult to scale or expand.

#### **Opportunities:**

- Cities welcome productive economic development partnerships with the Port.
- Cities are investing in economic recovery – effectively leveraging Port funding.
- Port funding drives city economic recovery investments and planning.

#### **Challenges/Threats:**

- Balkanization of economic development efforts makes it difficult to scale successful economic development programs.
- Difficult to scale equitable economic development efforts.
- Challenging for cities to measure outcomes on a short-term basis. Many projects undertaken with Port grant funds have long-term objectives, which are hard to measure in terms of immediate return on investment.

### Maritime Innovation Initiatives and Center Development

#### **Strengths:**

- Established Port lines of business provide partnership and expertise needed to support maritime innovation.
- Port real estate assets can support short and long-term needs for maritime innovation.
- Port staff engaged with maritime industry, understands problems and opportunities.

#### **Weaknesses:**

- Innovation initiatives are new, so patience is needed to define/achieve outcomes.

#### **Opportunities:**

- To bring world class technologies (Cloud, Cybersecurity, IoT) beneficially to the region’s maritime cluster.
- To spur innovations that sustain the region’s fishing industry and protect our maritime environment.

- Advancing partnerships with the University of Washington, National Oceanic and Atmospheric Administration (NOAA), City of Seattle, Maritime Blue, private industry, and many other stakeholders.

**Threats:**

- The region's maritime industry is not particularly collaborative.
- Other ports and regions are hungry for talented maritime start-ups. Two local companies have participated in the Port of Rotterdam's accelerator to advance their start-ups.

## **D. OPERATING BUDGET SUMMARY**

### **Background**

From a financial standpoint, the Economic Development Division's activities are:

- Implementation of programs that directly support the Port's initiatives to promote women and minority businesses, tourism, and Maritime Innovation. In general, these activities do not directly generate revenue for the Port.
- Managing and developing real estate assets to support Century Agenda goals and to maximize financial returns for taxpayers. These activities additionally generate revenue for both the Maritime and Aviation Divisions. The division is also responsible for the management of the Port's Pier 69 headquarters building.

### **Assumptions**

The 2024 Economic Development Division Budget is based on the following assumptions:

- Commercial properties are expected to remain at 90% or greater occupancy at year-end 2024, consistent with a forecasted occupancy of more than 90% at year-end 2023.
- Conference and Event Center revenues decrease due to challenges from new competitors' loss leading pricing and lower attendance stemming from post-pandemic reductions in business travel and conferencing.
- Economic Development Partnership and Tourism Grants are expected to continue.
- Salaries and benefits are forecasted using the 2024 Budget guidelines of 5% cost of living increase and 2% average annual increase for Pay for Performance and benefits.
- Utility rate increases are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy, and other utility vendors.

### **Major Changes in 2024 Budget**

Economic Development will continue the Economic Development and Tourism Grant programs. In addition, 2024 adds a shift of focus to advance Responsible Tourism, Support Regional Community Business Connector, Finalize WMBE Disparity Study, and funding an analysis on economic opportunities within Maritime and Real Estate assets. Activity at the Bell Street Parking Garage is expected to increase based on the return of office tenants, mid-year move in and occupancy of the former Art Institute space, and increased demand from Cruise and Conferences.

### **Operating Revenue**

Economic Development Division Operating Revenues are budgeted to decrease by \$659K or 3% compared to the 2023 budget. Portfolio & Asset Management's revenues are down from 2023 due to reduced revenue from Bell Harbor International Conference and Event Center. This is partially offset by revenue growth at Bell Street Garage.

**TABLE VI-3: MAJOR REVENUE CHANGES**

(\$ in 000's)	2021	2022	2023	2024	Change	% Change
Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud	2023 Bud - 2024 Bud
<b>REVENUE</b>						
<b>Portfolio &amp; Asset Management</b>	<b>\$ 9,496</b>	<b>\$ 17,730</b>	<b>\$ 22,198</b>	<b>\$ 21,539</b>	<b>\$ (659)</b>	<b>-3.0%</b>
Central Harbor Mgmt Group	7,561	8,791	9,699	10,363	664	6.8%
Conference & Event Centers	1,910	8,914	12,479	11,156	(1,323)	-10.6%
Foreign Trade Zone	25	25	20	20	-	0.0%
<b>Others</b> 1)	<b>(202)</b>	<b>69</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>\$ 9,294</b>	<b>\$ 17,799</b>	<b>\$ 22,201</b>	<b>\$ 21,542</b>	<b>\$ (659)</b>	<b>-3.0%</b>

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Note:

1) Includes Police miscellaneous revenue offsets to Economic Development Division.

**TABLE VI-4: ECONOMIC DEVELOPMENT REVENUE BY ACCOUNT**

(\$ in 000's)		2021	2022	2023	2024	% Change
Revenue by Account	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Revenue</b>						
Parking Revenue		\$ 66	\$ 95	\$ 101	\$ 90	-10.7%
Revenue From Sale of Utilities		\$ 2,839	\$ 2,898	\$ 3,132	\$ 3,044	-2.8%
Property Rental Revenue		\$ 14,553	\$ 15,792	\$ 16,034	\$ 19,322	20.5%
3rd Party Management		\$ 1,528	\$ 8,578	\$ 12,034	\$ 10,671	-11.3%
Other Revenues		665	708	825	864	4.8%
<b>Total Operating Revenue</b>	1)	<b>\$ 19,651</b>	<b>\$ 28,070</b>	<b>\$ 32,125</b>	<b>\$ 33,992</b>	<b>5.8%</b>

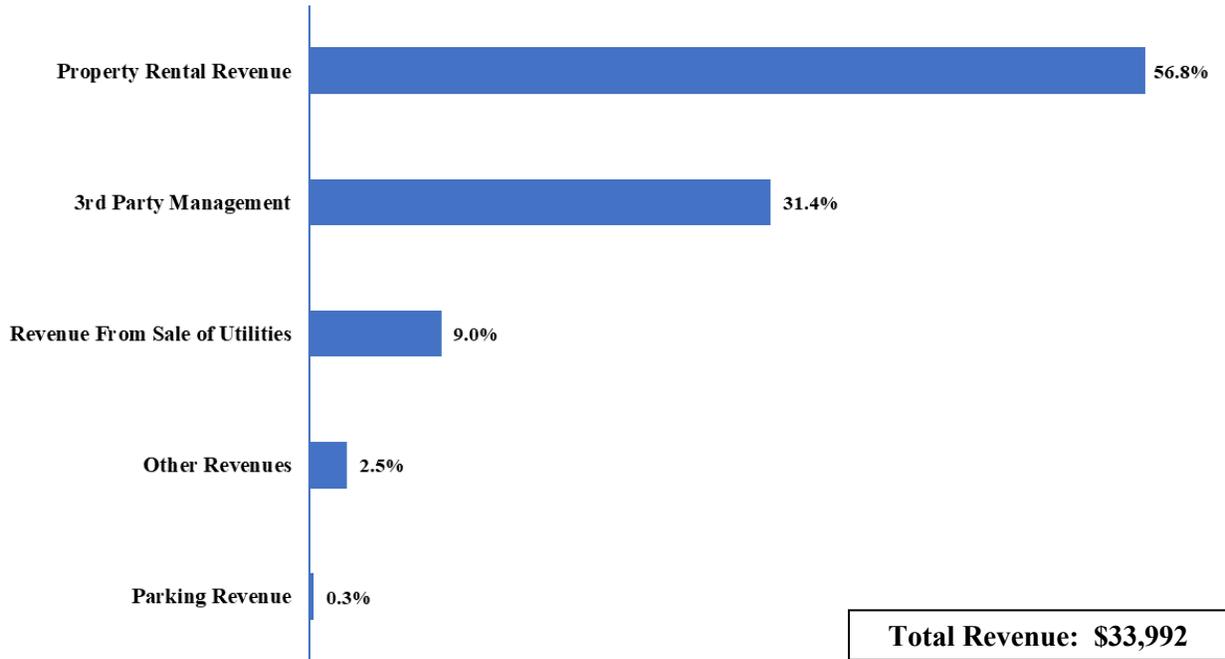
EDBUD.xls

Note:

1) Revenue does not include allocations to or from other divisions.

**FIGURE VI-3: ECONOMIC DEVELOPMENT REVENUE BY ACCOUNT**

(\$ in 000's)



**Operating Expense Drivers**

Total Economic Development Division operating expenses are budgeted to decrease by \$716K or 2.4% from the 2023 budget primarily driven by a decrease in variable costs associated with Conference Centers offset by an increase in Central Services expense from increased payroll.

**TABLE VI-5: ECONOMIC DEVELOPMENT OPERATING & MAINTENANCE EXPENSES BY ACCOUNT**

(\$ in 000's)	2021	2022	2023	2024	% Change
Expense by Account	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Expense</b>					
Salaries, Wages, Benefits & Workers Compensation	\$ 4,264	\$ 4,894	\$ 5,601	\$ 6,106	9.0%
Equipment Expense	188	91	514	478	-7.0%
Utilities	3,736	5,001	4,917	5,146	4.7%
Supplies & Stock	39	74	95	94	-1.1%
Outside Services	4,170	2,892	5,263	4,949	-6.0%
Travel & Other Employee Expenses	181	190	370	288	-22.2%
Promotional Expenses	86	215	292	248	-15.0%
3rd Party Management	3,644	6,333	10,291	9,464	-8.0%
Other Expenses	1,332	2,096	2,067	1,921	-7.1%
<b>Total O&amp;M Expenses Before Charges to Cap/Govt/Envrs Projects</b>	<b>17,640</b>	<b>21,788</b>	<b>29,410</b>	<b>28,694</b>	<b>-2.4%</b>
Charges to Capital/Govt/Envrs Projects	(8)	109	-	-	
<b>Total Operating Expenses w/o Pension Credit</b>	<b>17,632</b>	<b>21,897</b>	<b>29,410</b>	<b>28,694</b>	<b>-2.4%</b>
DRS Pension Credit	(925)	(401)	-	-	NA
<b>Total Operating Expenses (with Pension Credit)</b>	<b>\$ 16,707</b>	<b>\$ 21,496</b>	<b>\$ 29,410</b>	<b>\$ 28,694</b>	<b>-2.4%</b>

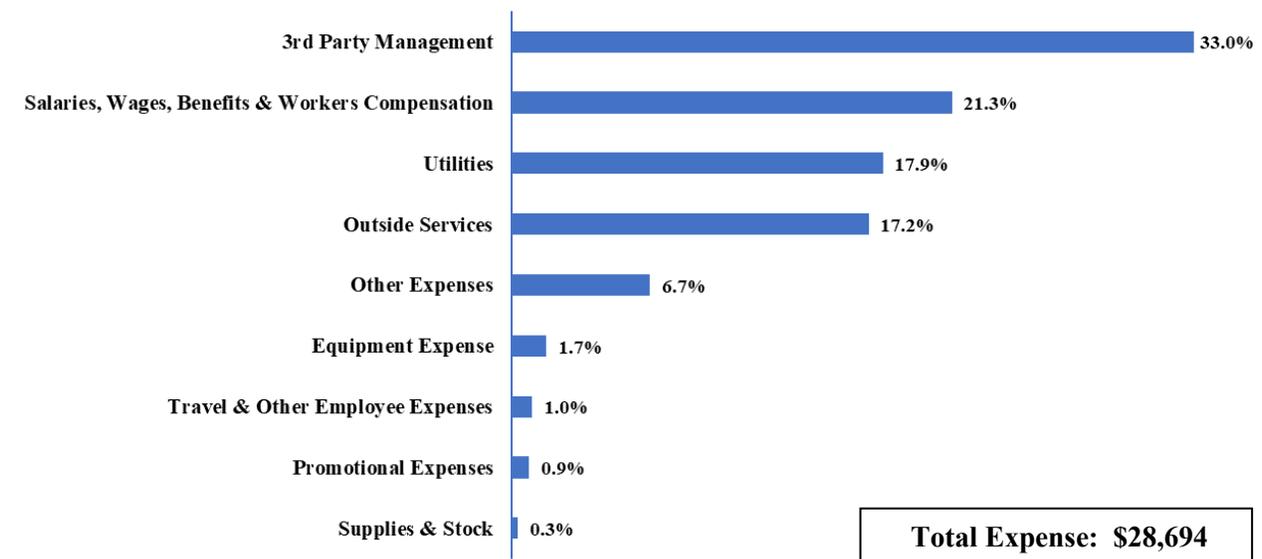
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Note:

- 1) Table VI-4, 5 & 6 differ from Table VI-2, in that they only reflect the division expenses and do not include Central Services allocations.

**FIGURE VI-4: ECONOMIC DEVELOPMENT EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE VI-6: ECONOMIC DEVELOPMENT REVENUE AND EXPENSE BY DEPARTMENT**

(\$ in 000's)	2021	2022	2023	2024	% Change
BY DEPARTMENT	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>REVENUE</b>					
Portfolio Management	\$ 19,649	\$ 28,067	\$ 32,122	\$ 33,989	5.8%
Economic Development Management	2	4	3	3	0.0%
<b>Total Operating Revenue</b>	<b>19,651</b>	<b>28,070</b>	<b>32,125</b>	<b>33,992</b>	<b>5.8%</b>
<b>EXPENSES BEFORE CHARGES TO CAP/ GOVT/ENVRs PROJECTS</b>					
<b>Business Groups:</b>					
Portfolio Management	10,634	15,048	20,090	18,907	-5.9%
Real Estate Development and Planning	507	629	959	1,100	14.7%
<b>Total Business Group Expense</b>	<b>11,141</b>	<b>15,677</b>	<b>21,050</b>	<b>20,007</b>	<b>-5.0%</b>
<b>Service Groups and Other:</b>					
Pier 69 Facilities Management	1,257	1,438	1,760	1,815	3.1%
Tourism	1,815	1,722	1,830	1,875	2.5%
Small Business	907	1,308	2,299	2,304	0.2%
Economic Development Management	1,596	1,238	2,472	2,694	9.0%
Economic Development Capital to Expense	-	3	-	-	0.0%
<b>Total Services Group and Other Expense</b>	<b>5,573</b>	<b>5,709</b>	<b>8,360</b>	<b>8,687</b>	<b>3.9%</b>
<b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b>	<b>16,715</b>	<b>21,386</b>	<b>29,410</b>	<b>28,694</b>	<b>-2.4%</b>
<b>CHARGES TO CAPITAL/GOVT/ENVRs PROJECTS</b>	<b>(8)</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>					
<b>Business Groups:</b>					
Portfolio Management	10,962	15,235	20,090	18,907	-5.9%
Real Estate Development and Planning	607	674	959	1,100	14.7%
<b>Total Business Group Expense</b>	<b>11,569</b>	<b>15,909</b>	<b>21,050</b>	<b>20,007</b>	<b>-5.0%</b>
<b>Service Groups and Other:</b>					
Pier 69 Facilities Management	1,348	1,479	1,760	1,815	3.1%
Tourism	1,917	1,743	1,830	1,875	2.5%
Small Business	1,092	1,382	2,299	2,304	0.2%
Economic Development Management	1,705	1,302	2,472	2,694	9.0%
Economic Development Capital to Expense	-	83	-	-	0.0%
<b>Total Services Group and Other Expense</b>	<b>6,063</b>	<b>5,988</b>	<b>8,360</b>	<b>8,687</b>	<b>3.9%</b>
<b>Total O&amp;M Expenses w/o Pension Credit</b>	<b>17,632</b>	<b>21,897</b>	<b>29,410</b>	<b>28,694</b>	<b>-2.4%</b>
DRS Pension Credit	(925)	(401)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	<b>\$ 16,707</b>	<b>\$ 21,496</b>	<b>\$ 29,410</b>	<b>\$ 28,694</b>	<b>-2.4%</b>

BDREBUD

Notes:

- 1) Does include DRS pension credit.
- 2) Does not include Central Services allocations.
- 3) Does not include DRS pension credits.

**E. STAFFING**

Economic Development is budgeting a total of 37.0 FTEs, the same as the 2023 Budget. The following table outlines the Full-Time Equivalents (FTEs) in the Economic Development Division.

**TABLE VI-7: ECONOMIC DEVELOPMENT STAFFING**

STAFFING (Full-Time Equivalent Positions)								
BY DEPARTMENT	Notes	2021 Actual	2022 Actual	2023 Budget	2023 Est. Act.	2024 Proposed Budget	# Change 2023 Bud- 2024 Bud	% Change 2023 Bud- 2024 Bud
Economic Development Administration		4.0	4.0	4.0	4.0	4.0	0.0	NA
Portfolio & Asset Management	1	14.0	14.0	14.0	14.0	13.0	-1.0	-7.1%
P69 Facilities Management		5.0	5.0	5.0	5.0	5.0	0.0	NA
Real Estate Development & Planning		2.0	2.0	3.0	3.0	3.0	0.0	NA
Diversity in Contracting	2	8.0	7.0	8.0	8.0	9.0	1.0	12.5%
Tourism		3.0	3.0	3.0	3.0	3.0	0.0	NA
<b>TOTAL ECONOMIC DEVELOPMENT DIVISION</b>		<b>36.0</b>	<b>35.0</b>	<b>37.0</b>	<b>37.0</b>	<b>37.0</b>	<b>0.0</b>	<b>0.0%</b>

FTE.XLS

Notes:

- 1) Portfolio & Asset Management eliminated a Senior Real Estate Manager.
- 2) Diversity in Contracting eliminated 1.0 FTE (Business Development Director) in the beginning of 2022 and added 1.0 FTE (Diversity in Contracting Coordinator) in 2023. For 2024, 1.0 FTE Ombudsperson will be added.

**F. ECONOMIC DEVELOPMENT CAPITAL BUDGET**

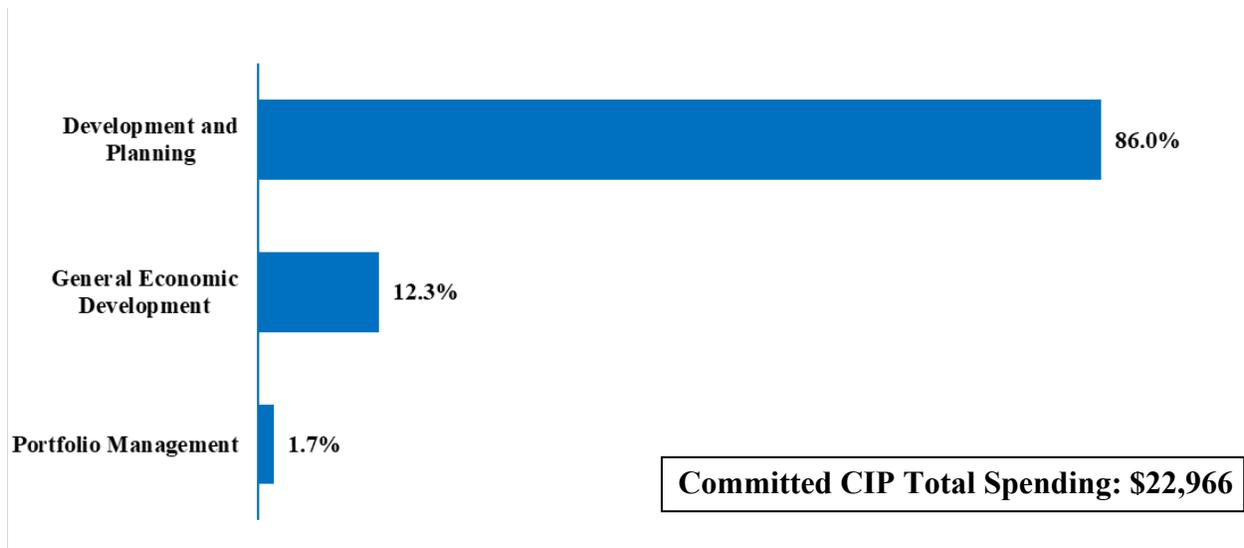
**TABLE VI-8: ECONOMIC DEVELOPMENT CAPITAL BUDGET SUMMARY**

(\$ in 000's)	2024 Budget	2024-2028 CIP	% of 2024 Total Committed
<b>Committed Capital Projects</b>			
Development and Planning	\$ 19,759	\$ 79,665	86.0%
General Economic Development	2,824	6,851	12.3%
Portfolio Management	383	8,452	1.7%
<b>Total Committed</b>	<b>\$ 22,966</b>	<b>\$ 94,968</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 6,259</b>	<b>\$ 82,327</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (8,724)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 20,501</b>	<b>\$ 177,295</b>	

CAPSUM.xls

**FIGURE VI-5: ECONOMIC DEVELOPMENT CAPITAL BUDGET**

(\$ in 000's)



## VII. CENTRAL SERVICES

## CENTRAL SERVICES

### A. 2024 BUDGET SUMMARY

**TABLE VII-1: CENTRAL SERVICES BUDGET SUMMARY**

(\$ in 000's)		2021	2022	2023	2024	Change	% Change
	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud	2023 Bud - 2024 Bud
<b>OPERATING RESULTS</b>							
<b>Total Operating Revenue</b>		\$ (233)	\$ 2,538	\$ 155	\$ 163	\$ 8	5.3%
Central Services		125,521	141,583	162,903	180,583	17,681	10.9%
<b>Total O&amp;M Expenses w/o Pension Credit</b>		<b>125,521</b>	<b>141,583</b>	<b>162,903</b>	<b>180,583</b>	<b>17,681</b>	<b>10.9%</b>
DRS Pension Credit		(29,768)	(6,666)	-	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>		<b>95,753</b>	<b>134,917</b>	<b>162,903</b>	<b>180,583</b>	<b>17,681</b>	<b>10.9%</b>
<b>Excess of Revenue over Expense (with Pension Credit)</b>		<b>\$ (95,987)</b>	<b>\$ (132,379)</b>	<b>\$ (162,748)</b>	<b>\$ (180,420)</b>	<b>\$ (17,672)</b>	<b>10.9%</b>
Committed Capital Budget		\$ 5,432	\$ 6,276	\$ 5,135	\$ 16,308	\$ 11,173	217.6%
Business Plan Prospective		-	-	12,424	7,820	(4,604)	-37.1%
CIP Cashflow Adjustment Reserve		-	-	(5,600)	(6,200)	(600)	10.7%
<b>Total Capital Budget</b>		<b>\$ 5,432</b>	<b>\$ 6,276</b>	<b>\$ 11,959</b>	<b>\$ 17,928</b>	<b>\$ 5,969</b>	<b>49.9%</b>
<b>EMPLOYMENT (TOTAL FTEs)</b>		<b>861.5</b>	<b>902.1</b>	<b>919.2</b>	<b>945.7</b>	<b>26.5</b>	<b>2.9%</b>

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### B. CENTRAL SERVICES DESCRIPTION

#### MISSION:

Central Services provides high quality and cost-effective professional and technical services to the operating divisions and supports the strategies and objectives of the Port.

#### MAJOR AND NEW INITIATIVES:

- Continue to invest in community programs, such as the South King County Community Impact Fund and Duwamish Valley Community Equity Program.
- Continue to provide resources to support the regional equitable economic growth.
- Continue to advance environmental sustainability of the Port and the region.
- Add resources for employee recruiting, training, and development.
- Add resources for Police to enhance public safety.
- Increase funding for cyber security and other infrastructure security and resilience.
- Continue the partnership with Seattle Aquarium and support for Maritime High School.
- Expand Workforce Development pathways and initiatives in aviation, construction, maritime, and green jobs.
- Add resources to support capital programs and meet the business needs for the operating divisions.
- Train construction pre-apprentices and construction placements in apprenticeships or trade-related jobs.
- Add resources to expand equity, diversity, and inclusion within the Port and across the region.

## **C. KEY FUNCTIONS AND RESPONSIBILITIES**

### **OVERVIEW:**

Central Services provides a number of essential services to the three operating divisions of the Port and to the Northwest Seaport Alliance (NWSA) per service agreements. Central Services departments are vital to the success of the operating divisions and the NWSA and benefit the public in general.

Central Services' functions have evolved and now include 20 departments with organizational restructuring over the past few years. Apart from the traditional support functions, such as Accounting, Human Resources, External Relations, etc., Central Services also includes Police, Engineering, Port Construction Services, and three Centers of Expertise (COEs) – Business Intelligence, Finance and Budget, and Environment and Sustainability.

While all COEs continue to maintain the same reporting structure within the Central Services, the Budget and FTE numbers for a couple of the COEs would roll up to the division they are supporting beginning in 2021. Aviation Environmental, Noise Program, and Aviation Finance & Budget rollup into the Aviation Division. Maritime Environmental and Planning, Environmental Finance, and Seaport Finance rollup into the Maritime division.

The key functions for the Central Services departments in 2024 are as follows:

### **COMMISSION:**

The Port Commission is the legally constituted governing body of the Port of Seattle. Its primary duties are to establish policies on behalf of the community that guide the Port's future and maintain its global competitiveness, and to execute its fiduciary responsibilities in overseeing the expenditure of public funds. As a governing body of a special purpose municipal corporation, the Commission is charged with fulfilling the law as the basis for appropriate policy, and establishing policy as the basis for appropriate practices, activities, and procedures.

The Commission expresses its policy direction through the following mechanisms:

- Review the strategies that serve as the framework for the operating divisions' and Central Services departments' goals and objectives. These strategies provide the groundwork for prioritizing and allocating resources to programs and projects at the division level.
- Review and approve the annual budget. The budget is made available to the general public as required by RCW 53.35.010 and RCW 53.35.045. A Public Hearing for the Introduction of the Preliminary Budget is held before the final passage of the Budget, at which time the Port Commission will make final recommendations and adopt the budget.
- Set additional long-term policy goals during public Commission meetings through the passage by majority vote of Commission Resolutions in accordance with RCW 53.08 and the Master Delegation of Authority. These policy goals help advance the Commission's long-term mission of economic development and job creation through promotion of industrial growth and advancement of trade and commerce.
- Review and approve public session programs, projects, and select contracts through Commission motions that are introduced and seconded by Commission members, in accordance with the Master Delegation of Authority.
- Oversee the Executive Director to execute the Century Agenda, major programs and goals, objectives, and policy guidelines established by the Port Commission through majority vote at Commission meetings and by Commission approval of the Executive Director's performance goals and objectives. These include policy goals and objectives related to achieving the Port's financial and budgetary annual performance goals, and aligning budget priorities to the Port's core mission,

division goals and objectives that demonstrate that the Executive Director is holding his direct report managers accountable for division-level performance.

- Oversee the Internal Audit function of the Port of Seattle through the Audit Committee made up of two Port Commissioners and a third public member.
- Oversee External Relations and General Counsel which allows the Commission office to have greater input on communicating with the public and directing and accepting legal advice and direction
- Oversee Clerk's Office to ensure the public meeting calendar is both appropriate and timely, and takes into consideration the constituents of King County.

**EXECUTIVE:**

- The Executive Department assists the Executive Director in leading the Port by setting the tone and philosophy along with coordinating with business units and other departments to gain well-balanced decisions and interactions with federal and state delegations, Commissioners, agencies, businesses, tenants, communities, labor, and other stakeholders.
- The Executive Director is responsible for engagement with the Commission to establish Port priorities and, through leadership of the organization, development of strategies to implement those policies.
- To implement executive priorities, the Executive Director develops appropriate budgets for Commission review to fund projects and programs; and exercises oversight of project and program delivery.
- Public awareness and support for the Port's role in the community is essential to our success, and thus the Executive Director has an important role in communicating to the public the purpose and operations of the Port, complementary to the Commission's policy role.
- The Port executes its policy and strategic direction through Commission actions. Commission requests must meet high standards of accuracy and transparency to gain approval, and they serve as important vehicles for communication to the public.

**LEGAL:**

Legal is comprised of Attorney Services and Records Management.

**ATTORNEY SERVICES:**

- Provide legal analysis, advice, expertise, opinions, and similar services, including: drafting, reviewing and interpretation of contracts, agreements, statutes, regulations, judicial opinions, and other legal materials and documents.
- Provide prosecution and defense of claims and litigation.
- Provide assistance with settlements and negotiations.
- Provide representation in arbitration, mediations, and other forms of dispute resolutions.
- Provide representation before hearings boards, and other administrative or legislative bodies.

**RECORDS MANAGEMENT:**

- Manage and provide public record administration.
- Provide Portwide assistance regarding records management issues including retention scheduling, archiving, and public disclosure.
- Manage Port records in accordance with State retention requirements.
- Manage the Portwide Records Center.

**PUBLIC DISCLOSURE:**

- Manage and implement the Port's compliance with the Washington State Public Records Act (PRA), including fulfilling public disclosure obligations, training, reporting, and coordination.

**EXTERNAL RELATIONS:**

The Port's External Relations department serves several key functions including federal, state, and local government relations; capital project delivery, which includes regional transportation technical and policy expertise; strategic communications; and external outreach and engagement.

**GOVERNMENT RELATIONS:**

- Collaborate with Commission and Port operating divisions (Aviation, Maritime and Economic Development) to develop legislative funding and policy priorities. Anticipate and identify emerging political issues.
- Ensure high-level understanding of Commission priorities, Port operations and business objectives.
- Foster effective relationships between port elected officials and senior port staff with local, state, federal elected officials, and international partners and to advance the port's objectives and to represent regional, statewide, and national interests to officials in the municipal, county, legislative and executive branches of government.
- Develop partnerships with stakeholders in business, labor, and community organizations in support of trade development, economic growth, transportation infrastructure investment, and responsible environmental regulation.
- Utilize memberships and activities in associations engaged in legislative work to build coalitions and broaden awareness of Port issues and support for Port objectives.
- Provide opportunities for policy makers and staff to learn about the Port of Seattle's business and operations through tours, briefings, and timely responses to requests for information.
- Continue to advocate for policies and regulations that enhance and expand the ability of the Port and related businesses to move people and commerce efficiently in a competitive global marketplace and educate leaders on the impacts of adverse policy proposals.

**REGIONAL TRANSPORTATION:**

- Advocate for Port interests in regional transportation programs and projects, including those sponsored by the state, county, city or other agencies or partners (i.e. West Seattle Bridge, Gateway Project, Sound Transit 3, Safe and Swift Corridor, Freight Mobility).
- Work with external agencies on regional transportation policies and issues to leverage Port interests and minimize impacts to the Port.
- Manage internal interests regarding regional transportation including leading the regional transportation strategy team, developing Port comment letters throughout formal planning processes, and acting as liaison to the NWSA and Airport Ground Transportation Regional Mobility group.

**CAPITAL DEVELOPMENT:**

- Manage strategy, communications and advocacy for growth and capital programs at the airport, including the Sustainable Airport Master Plan, communicating airport-related demand, opportunities and benefit, and building understanding and support for airport redevelopment.
- Advance regional and state economic vitality, including implementation of the South King County Community Impact Fund, supporting government relations and community engagement to increase visibility of port-related contributions to airport-area communities and the state.
- Advance environmental sustainability, including improved recognition of the Port's environmental programs, and support of the StART federal policy working group.
- Support equity, diversity, and inclusion through collaborative efforts on the South King County Community Impact Fund, promote improved understanding of the Port's commitment and programs in these areas, and emphasize improved accessibility at the airport for all communities and populations.
- Strengthen and expand community engagement. Provide support to StART roundtable and agenda.

COMMUNICATIONS:

- Develop and execute internal and external communication plan that align with legislative and community engagement objectives.
- Develop and implement media relations strategies that drive Port key messages, media channels, issues prioritization, and leverages opportunities for Commission and Executive visibility.

EXTERNAL OUTREACH AND ENGAGEMENT:

- Develop and strengthen business, community, industry, government, and environmental partnerships throughout King County that support the Port's mission and key strategies.
- Broaden and diversify the Port's partnerships with external organizations, business, and community groups to anticipate emerging issues and broaden the Port's awareness and understanding of community objectives and priorities.
- Administer Commission-supported Community programs including Duwamish Valley Community Equity Program and provide support for the South King County Community Impact Fund.
- Create and execute events, communication outreach to advance operating divisions' business objectives; gain public input to influence port decisions; broaden awareness and understanding for program; and policy and regulatory decisions.
- Develop and manage effective public engagement programs; prioritize staff understanding of issues and sentiment of King County residents; build and sustain public trust in the Port.

EXTERNAL RELATIONS:

- Provide leadership direction and vision for a team-focused culture of community and customer service.
- Provide clear understanding of staff roles and responsibilities to advance External Relations objectives and the broader goals of the Port.
- Provide counsel to the Executive Director, Commission President, and Executive Team.

ACCOUNTING AND FINANCIAL REPORTING:

The Accounting and Financial Reporting (AFR) department's key operational responsibilities and services include:

- Port-wide core accounting and financial reporting services.
- Port-wide accounting policies and procedures development and enforcement.
- Industry prescribed accounting and financial reporting standards compliance assurance.
- Annual Port financial statements preparation and issuance.
- Recurring fiscal management reporting.
- Accounts payable and payments administration.
- Payroll administration.
- P-card (Procurement-card) and Travel card administration.
- State and local tax administration.
- Leases and customer billing administration.
- Accounts receivable and revenues administration.
- Credit and collection enforcement.
- Control General Ledger administration.
- Capital projects costing and capital assets accounting (including physical inventory).
- Cash/investment and debt accounting.
- Grants billing and reporting.
- Airport Passenger Facility Charge (PFC) accounting and reporting.
- Airport Customer Facility Charge (CFC) accounting and reporting.

- Corporate credit cards and procurement cards administration.
- Employee expense claims and reimbursements.
- Business Taxes administration.
- External audits facilitation and issues resolution.
- North Harbor accounting and financial reporting in relation to the Northwest Seaport Alliance (NWSA).

**INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT):**

ICT provides state of the art technology and related services in a cost effective, secure, and highly reliable manner that can rapidly respond to the Division and individual department's requirements which will enable them to achieve their business objectives and to support Port strategies. Key functions include:

- Infrastructure (Data Management, Telephony, Network).
- Personal Computing (PC Support, Smartphone/iPad).
- Systems Delivery.
- 24/7 Service desk.
- Adapt and Leverage Technology Advances.
- Technology Training and Socialization to Maximize Investment.
- Cyber Security Infrastructure and continual monitoring for cyber security threats.
- Equip Port to take full advantage of current and emerging technologies.
- Vendor management.
- Strategic financial management.

**FINANCE AND BUDGET:**

The overall goal of the Finance and Budget (F&B) department is to continuously improve the institution's management of its debts, assets, budget, and resources. Key functions include:

**BUDGET:**

- Plan, coordinate and manage the Port's budget planning process.
- Maintain, enhance, and manage the Port's financial planning and analysis system and its interfaces.
- Provide budget training, workshops, and Management Information System (MIS) training to Port-wide budget support staff.
- Review monthly variance reports and provide monthly Executive Summary Report to the Commission and Executive team.
- Plan, coordinate and manage the Port's quarterly financial performance reporting process.
- Develop and refine budget policies and procedures for the Port.
- Provide budget consultation and support to the operating divisions and Central Services departments.
- Provide ad-hoc financial analysis for the Port.
- File statutory budget.

**FINANCE AND TREASURY:**

- Existing debt management: bond proceeds usage reconciliation; regulatory compliance and financial reporting; bad money analysis; arbitrage rebate calculations; provide financial updates to ratings agencies; investor relations; letter-of-credit renewals and replacements.
- Manage new debt issuance.
- Manage engagements with outside financial advisor, bond and disclosure counsel and underwriters.

- Coordination of short and long-term funding plans for future capital needs; development and monitoring of the Port's annual Capital Budget and Plan of Finance; tax levy funds management.
- Industrial Development Corporation administration.
- Treasury functions include Cash and Investment portfolio management and management of the Port's banking contract.

**BUSINESS INTELLEGENGE:**

The Business Intelligence Department's core purpose is to transform the ways the Port accesses, analyzes, and shares data. The Business Intelligence Center of Expertise provides advanced analytical and research support, creates efficiencies that eliminate information management waste, and fosters an analytical culture with data fluency. Key functions include:

- Facilitate development of Key Performance Indicators (KPIs) and other operational and performance measures, driven by Port focus on metrics and measurement.
- Reduce the level of effort, complexity, and process in preparing or mining data for analysis; support LEAN/CPI initiatives.
- Provide advanced analytical capabilities (e.g. forecasting, etc.) not widely present in organization; required to answer complex business problems.
- Internal capacity for survey research services; driven by need to measure effectiveness, performance, and service quality.
- Facilitate growth of a data-literate, evidence-based decision-making culture at the Port; support Port's high-performance workforce goal.

**RISK MANAGEMENT:**

- Oversee Property/Casualty Insurance Program.
- Manage claims process, intake, and settlement.
- Recover and collect on claims/damages to the Port.
- Manage Driver/Commercial Driver's License (CDL) program (per Federal Motor Safety Carrier Act), the overall Port fleet safety program, and work with Fleet Management Oversight Team to ensure the Port purchases, maintains, and looks for green fleet opportunities.
- Contractual reviews of leases and goods/services agreements to ensure contain fair and reasonable indemnity and insurance requirements.
- Perform enterprise risk management analysis and training.
- Update annual statements in relation to risk, uncertainty, insurance, and claims; report lost and stolen assets to State Auditor.
- Collaborate with Health and Safety and Construction Safety to ensure a safe workplace for both employees and contractors and the public.
- Collaborate with Police, Fire, and Security to update emergency preparedness procedures and ensure trainings are kept current.
- Provide risk assessment and review of special events.
- Assist with the review and selection of self-funded Medical and Dental plans.
- Major construction support for design, insurance, loss prevention, builder risk insurance, and code compliance.

**INTERNAL AUDIT:**

Internal Audit conducts risk-based operational/performance audits throughout the Port in accordance with applicable auditing standards and the best practices of the internal auditing profession. Audit results are designed to add value and improve and strengthen accountability, increase fiscal integrity, provide greater transparency in governance and decision making, and improve investment of public resources to advance trade and commerce, promote industrial growth, stimulate economic development, and create jobs. In addition, audit results are intended to enhance efficiency and effectiveness of management practices in governance, risk assessment, controls, and compliance.

Internal Audit work is guided by two professional standards:

- Government Auditing Standards – issued by the Comptroller General of the United States.
- International Professional Practices Framework (IPPF) – issued by the Institute of Internal Auditors.

**OFFICE OF STRATEGIC INITIATIVES:**

Office of Strategic Initiatives (OSI) comprise of Strategic Planning unit and Continuous Process Improvement unit.

**STRATEGIC PLANNING:**

- Manage Port-wide goals, Century Agenda, and Executive Director priorities.
- Re-evaluate the fundamentals of the long-term strategic planning.
- Host Disruption Summit to prepare the Port for potential disruption and disruptive innovation.
- SWOT and KPI training and consultation.

**CONTINUOUS PROCESS IMPROVEMENT:**

- Provide training in advanced waste reduction and problem-solving techniques, such as LEAN principles, across the Port which improves job satisfaction, efficiency, transparency, and productivity.
- Facilitate and identify opportunities for process improvement.
- Provide Gap analysis and process improvement to meet Port-wide goals.

**CENTRAL PROCUREMENT OFFICE:**

- Manage the procurement process for all construction contracts, professional and personal service contracts, and goods and service contracts to ensure compliance with legal mandates.
- Lead team negotiations (price, contract terms and conditions) for base contract; draft and/or review, negotiate change orders and amendments.
- Provide advice and assistance in contract management, addressing performance problems.
- Close out contracts, ensuring that all closing submittals have been received.
- Provide notification to Commission, with respect to public works contracting, as required, for compliance with state law and Resolution 3605.
- Provide training and outreach on procurement and contract issues, including developing appropriate small business programs and opportunities.
- Develop program and training to include Diversity in Contracting in the Port's consulting procurements and major construction contracts. Active management of contract requirements. Provide updates to Commission on the program.
- Perform data analytics and reporting, including reporting on WMBE and DBE performance, managing workload reports, future procurement database, Vendor Connect database, and Contractor Data System (CDS).

## HUMAN RESOURCES:

Apart from providing core services listed below, Human Resources is also focused on broader issues such as attracting and retaining a diverse work force; succession preparation; process improvement; performance management aligned with values, strategies, and business plans; and developing metrics that drive decisions.

The list that follows reflects services Human Resources provides daily, many of which also respond to the bigger picture, longer-term concerns described above.

## EMPLOYEE RELATIONS (ER):

- Provide guidance and direction to Port employees, including senior leadership, managers, and individual contributors, regarding employee performance management issues, as well as consultation to identify the appropriate ER intervention such as coaching, fact-finding, investigation, progressive discipline, facilitation/mediation, training, and conflict resolution.
- Manage the interactive process associated with employees' requests for reasonable accommodation.
- Ensure Port compliance with our affirmative action responsibilities, which informs, educates, and promotes the Port being an equitable, inclusive, and high performing organization.

## HEALTH & SAFETY:

- Continuous improvement of workplace health and safety, as well as ensuring compliance to all regulated safety programs, including oversight of the Port's self-insured, self-administered workers compensation program.
- Promote an active safety culture by teaming with employees and management to recognize, evaluate, communicate, and control workplace hazards to ensure every employee, contractor, and tenant goes home safely.

## ORGANIZATIONAL EFFECTIVENESS:

- Support the organization in achieving improved business results through organizational and people effectiveness and HR technical support to the department and internal communications.
- Address organization-wide business needs such as developing and aligning clear business goals, missions, visions and strategies, defining organization-wide structures, and clarifying roles and responsibilities.
- Provide leadership and support for the goals and methodology for improving employee engagement, innovation, building high performance teams, and developing and improving cross port collaborations.
- Strategic advisors to the organization as a whole and Port of Seattle divisions ensuring the business has the skills, capabilities, structure, culture and change processes to execute their strategies and deliver on near and long-term goals.
- Lead Port-wide strategic initiatives such as engagement, culture and innovation and serve as a liaison between the HR Center of Expertise and assigned business units helping leaders to set direction and translate business goals into HR strategies.
- Provide HR related data to the Port to help HR and other groups make decisions using relevant data.
- Increase business effectiveness through managing change, using data to measure success, and supporting organization-wide strategic development planning and culture initiatives.
- Use internal communications as an engine to drive progress toward organizational goals and connect employees to information and resources about key programs, policies, initiatives, events,

and opportunities that drive employee engagement and knits employees together as a single organization.

- Responsible for enabling technology and business processes that make it easier to do HR business, and for other Port groups to do business with HR. This includes support and maintenance of existing technology systems and business processes, deployment of new functionality, and related improvements to business processes.

#### TALENT MANAGEMENT:

- Promote an equitable, inclusive, and high performing organization by attracting, engaging, and developing diverse talent so that the Port is able to realize its strategic goals.
- Partner with business lines to anticipate and support workforce planning needs, generating awareness through outreach of the Port as an employer of choice, identifying and evaluating top talent, building talent pipelines, promoting a learning culture, and continuously enhancing the experience of employees so they are and continue to be highly engaged.
- Manage the Port's Internship Program and Veterans Fellowship Program.
- Promote an equitable, inclusive, and high performing organization by recruiting, engaging, and developing diverse talent so the Port realizes its business and community goals.
- Build employee effectiveness through development of common approaches to work, leader and manager preparation and development, employee development, and support of diversity programs and initiatives, the Port is able to build a high performing organization and culture that values learning, employee development, equity, diversity, and inclusion. Programs include such things as Learning Calendar opportunities, eLearning Development, employee resource groups, leadership & employee development groups and programs, tuition reimbursement, and recognition programs that inspire and engage our workforce.
- Generate increased awareness of the Port as an "employer of choice," identifying and evaluating top talent and building talent pipelines, promoting a learning culture, and continuously enhancing the experience of employees so they are and continue to be highly engaged. Through award winning internship and Veterans Fellowship programs, the HR Outreach function provides opportunities for youth and transitioning veterans to gain professional civilian experience while developing skills necessary to succeed in their career.

#### TOTAL REWARDS:

- Ensure the Port offers, directly or indirectly, a competitive total rewards package that supports retention and attraction of employees with the talents, skills, and knowledge necessary for the Port to fulfill its mission and vision. The Total Rewards package includes all things employees receive as result of their employment relationship with the Port.
- Ensure that pay programs for non-represented employees are internally equitable and externally competitive. To do this, employees supporting this function gather and analyze market pay data to maintain the Port's non-represented pay ranges at competitive levels, evaluate non-represented jobs to ensure they are administered in competitive pay ranges, and review requests for pay adjustments when employees are temporarily performing work at a documented higher level, and analyze employee pay levels to support pay equity.
- Ensure the Port's benefits programs are competitive so they can support attraction and retention of the employees necessary for the Port to be a high performing organization. This includes managing the self-insured PPO and HDHP medical plans as well as the dental plans, the fully insured HMO, vision, life and disability insurance plans, accrued leave, holiday and other time off plans, the Port's self-administered and self-funded alternative to the Washington state required Paid Family and Medical Leave plan, the Employee Commuter Benefits Program that includes the required Commute Trip Reduction program and the teleworking program, the Employee Assistance Plan, the 457 and 401(a) deferred compensation plans, voluntary (fully paid) employee benefits, and the employee wellbeing program.

- Responsible for maintaining employee records in the Port's HR/Payroll system (HCM). This function also ensures employees are properly enrolled in appropriate health, life, disability, and pension plans.
- Responsible for the various recognition programs that support employee engagement by acknowledging actions and contributions that exceed what is normally expected.

**WORKPLACE RESPONSIBILITY:**

- The Workplace Responsibility Office (WR) has overall responsibility for developing, implementing, and providing day-to-day leadership of the Port's WR program.
- WR provides direct support to the organization assuring port culture and employee behaviors align with port values and Code of Conduct expectations.
- WR provides advice on, ethics and compliance issues to all sectors of the port.
- WR enforces the Port's Code of Conduct Policies.
- WR is responsible for responding to and documenting all complaints alleging violations of the Port of Seattle's Code of Conduct policies.
- The ER and WR functions ensure compliance with federal, state, and local regulations governing equal employment opportunity (EEO) and affirmative action (AA). ER and WR conduct workplace investigations as part of EEO/AA compliance.

**LABOR RELATIONS:**

Labor Relations (LR) offers the best possible representation of the Port's interests by engaging in collaborative relationships with employee organizations through open communication and dialogue. LR also provides strategic expertise and assistance to positively affect operations, reduce exposure and support a talented workforce to help propel the Port and region into the future. Key functions include:

- Prepare, negotiate, implement, and administer the Port's 26 bargaining agreements.
- Implement LR bargaining strategy and directives from the Commission and Executive Leadership Team.
- Contract implementation and administration includes HR, Payroll and department notifications regarding rate and benefit changes and providing assistance to managers and supervisors with contract interpretation and application.
- Process grievance and disciplinary procedures according to the agreements.
- Represent the Port in Public Employment Relations Commission (PERC) and Arbitration proceedings.
- Participate in Port oversight committees; provide consultation to all Port committees and all divisions on labor matters, including proposed changes in policies, practices and procedures in a manner designed to avoid labor disputes.
- Supervise and manage labor community outreach as well as Seaport Alliance LR work. Act as the Commission Liaison with Labor and support the Executive Director in their Labor Outreach strategy to facilitate positive labor relations across the region.
- Organize, manage, and attend labor business partnership meetings to resolve issues before they become grievances.
- Negotiate Project Labor Agreements (PLA) and assist with PLA policy and language.
- Engage the labor representatives on the Port's Equity, Diversity, and Inclusion (EDI) initiatives and will continue to promote safety in the workplace.
- Partners with others in the organization to engage with labor stakeholders on Port priorities.

**INFORMATION SECURITY:**

Information Security provides Governance, Protection, Response and Recovery to reduce data risks and enhance the Port's continuity of business operations. The key functions include:

- Work with Port business leaders to prioritize business outcomes such as economic value, growth, revenue, cost savings, user experience, and impact on other teams. Information Security will take the initiative by joining business planning meetings to keep on top of any changes and better understand how to apply security to new and reoccurring business needs. This involves identifying the most significant risks to the business and then focusing resources on mitigating those risks.
- Perform risk assessments daily to identify recognized threats and threat actors and the probability that these factors will result in an exposure or loss to the Port.
- Perform Incident Management, the process of identifying, managing, recording, and analyzing security threats or incidents in real-time on a daily basis.
- Maintain enterprise systems and control systems across the Port.
- Audit and compliance efforts with emphasis to Risk Assessments, and data governance of Payment Card Industry (PCI), Health Insurance Portability and Accountability Act (HIPAA), Criminal Justice Information Services (CJIS) and Privacy data.
- Support the essential function of ensuring the availability and resiliency of the Port's information assets, includes designing and conducting exercises and coordinating with Emergency Preparedness and other regional public and private partners in Business Continuity and Disaster Recovery planning.
- Provide dedicated professional support to the Port's 911 Center to ensure this mission critical function operates reliably and securely in emergency response situations.
- Manage the User Awareness program, which sets clear cybersecurity expectations for all employees and educates users how to recognize attack vectors, help prevent cyber-related incidents and report potential threats.

**OFFICE OF EQUITY, DIVERSITY AND INCLUSION (OEDI):**

The Office of Equity, Diversity, and Inclusion (OEDI), formed in 2019, is charged with ensuring that equity goals are incorporated throughout Port operations and in providing strategic and policy direction on equity issues. Key functions include:

- Advance the Port's Century Agenda goal to "Become A Model of Equity, Diversity, and Inclusion".
- Lead the conversation about equity with the primary goal to normalize, organize, and operationalize racial equity within the Port through modeling and tone setting by leadership, and employee dialogues and learning events that lead to meaningful results. Develop and implement organizational strategies and work plans to support an equity policy.
- Support and collaborate with Human Resources to ensure that the Port's workforce reflects King County demographics and diversity. Encourage equitable approaches to employee participation in Port processes so that all employees regardless of work schedule or shift, have equal opportunity to participate.
- Collaborate with Human Resources to examine disparities and barriers within recruitment, performance evaluation, compensation, and advancement/retention/promotion.
- Consult with various organizations (Employee Resource Groups, Diversity Development Council) to infuse equity principles and best practices. Lead and sponsor a national committee of Ports, working on equity strategies and share best practices.
- Manage and recommend strategic investments in workforce development in near-Port communities of color and disadvantaged groups in support of a skilled pipeline of workers in port sectors. Implement

a workplan that ensures investments and activities produce outcomes that support a skilled workforce in Port-related industries.

- Continue to partner with other regional public owners to increase access to construction training and jobs and improve outcomes for individuals living in economically distressed zip codes, women, and people of color.
- Develop maritime career pathway programs for youth and adults. Expand the aviation career pathways work to other targeted, in-demand pathway jobs within the aviation and facilities maintenance career pathway.
- Create and conduct equity trainings for all employees.

**POLICE:**

- Provide a visible presence in and around the airport and seaport to assist in preventing crimes from occurring. Collaborate with stakeholders in identifying crime prevention methods to incorporate in their area of responsibility to reduce/prevent crime.
- Provide essential emergency and routine response capability allowing airport operations to continue, including traffic mitigation matters. Provide traditional law enforcement functions throughout the Port of Seattle jurisdiction.
- Through thorough investigations and utilization of available technological resources, apprehend criminals victimizing citizens and stakeholders within our region. Provide a community where stakeholders, employees, travelers, and the general public feel safe and secure.
- Provide essential emergency response to mitigate terrorist attacks and other acts of extraordinary violence. Respond with other first response partners to mitigate and stabilize unusual occurrences, disasters, and mechanical calamities in order to stabilize the scene and enhance continuity of operations.
- Provide emergency communications amongst first response partners and other critical personnel to assist in scene stabilization and deployment of appropriate resources. Allows for clear and concise communication to support maintaining continuity of operations.

**ENVIRONMENT AND SUSTAINABILITY ADMINISTRATION:**

The Environment and Sustainability Administration oversees the Aviation Environmental, Noise Program, and Maritime Environmental and Planning. Environment and Sustainability Administration's key functions and responsibilities are listed below:

- Comply with all federal and state environmental laws and regulations and meet all regulatory requirements.
- Develop and implement initiatives to meet Commission-directed Century Agenda goals, work with internal and external partners to advance key legislation, optimize energy use, and implement transportation strategies.
- Address noise concerns within the community and mitigate impacts through sound insulation, acquisition, and noise abatement programs.
- Provide services to steward our land and water resources, investing in restoration, protection and management.

**ENGINEERING:**

**DESIGN AND TECHNICAL SUPPORT:**

- Civil/Structural and Mechanical/Electrical design, analysis, and Computer-aided design (CAD) drafting; Project design development; Owner facility evaluations, analysis, and planning; and Owner technical design reviews

- Seismic risk analysis and condition assessment of facilities
- Emergency response and Damage Assessment Teams
- Central repository for all project drawings, as-built, and soils information
- Maintaining technical master specifications
- CAD standards, systems, and compliance reviews
- Development of Building Information Modeling (BIM) standards and systems

CONSTRUCTION MANAGEMENT:

- Project delivery methodology selection
- Pre-construction services
- Field observation/inspection and quality compliance checks and non-conformance management
- Construction cost and change order management, disputes and claims resolution
- Submittal, Pay applications and RFI review, processing and approval
- Construction coordination with Port operations/tenants, F&I, Maintenance, and other stakeholders
- Construction document management
- Management of Project Labor Agreements (PLA) including administration of Priority Hire program
- Administration of Construction Apprenticeship Program
- Maintaining general requirements guide specifications

SURVEYING AND MAPPING:

- Topographic and hydrographic surveys
- Jet Line and lease line layouts
- Legal Descriptions and exhibits
- Geographic Information System (GIS) data gathering
- Boundary and Lease Drawings
- Construction project staking and validation
- Ground Penetrating Radar
- 3D Laser Scanning
- 360° Photo Tours
- Utility Locates for Mapping and Construction

CONSTRUCTION SAFETY:

- Provide Port Construction Safety Training and Orientations for contractors, consultants and employees.
- Review Contractors site safety plans for acceptance.
- Perform and document safety audits of construction projects.
- Coordinate with Operations, Fire Dept., PLA, Security, PCS, Risk Management, Health and Safety, Building Department and Maintenance.
- Response to and document incidents, hazardous conditions, and complaints.
- Manage safety equipment and PPE supplies for the Engineering Dept.
- Manage Emergency and Disaster preparedness supplies for the Engineering Dept.
- Provide data management of contractors safety plans, incidents corrective actions.
- Provide Construction Safety and Engineering Dept. Safety data management and documentation.

ENGINEERING BUSINESS OPERATIONS AND ADMINISTRATION:

- Establish and manage operations of remote office facilities to support project requirements.

- Manage Engineering assets and fleet in support of project delivery.
- Provide Emergency Response and Declaration of Emergency Support.
- Provide administrative services to include payroll, payments/procurement, onboarding, travel.

**PORT CONSTRUCTION SERVICES:**

**CAPITAL AND EXPENSE CONSTRUCTION MANAGEMENT PORT WIDE:**

- Provide scope clarification and estimates against existing budgets.
- Provide reporting on budget and schedule.
- Provide small business opportunities in open order and project specific small works contracts.
- Coordinate contract requests with Central Procurement Office to identify opportunities for small businesses.

**REGULATED MATERIALS MANAGEMENT (RMM) PORT WIDE:**

- Review RMM design.
- Provide project abatement, monitoring, and quality control.
- Provide RMM tenant support and maintenance support.
- Provide RMM routine housekeeping.
- Provide asbestos, lead, and silica awareness training.
- Provide indoor air quality and mold inspections.

**CONSTRUCTION CREW SUPPORT:**

- Provide craft labor resources (carpenters, laborers, operators, etc.).
- Provide construction equipment (pick-up trucks, dump trucks, heavy equipment, small tools, etc.).
- Recycle construction debris on projects.

**ON-CALL CONSTRUCTION AND IDIQ CONTRACT SUPPORT:**

- Procure contracted public work resources with on-call construction contracts available for project needs as identified.
- Procure IDIQ Service Agreements for project needs as identified.

**EMERGENCY RESPONSE:**

- Provide management, crews, and contract support for expedited emergency project needs.

## **D. OPERATING BUDGET SUMMARY**

### **Background:**

Central Services departments are the primary supporters of the Port business units. Growing organizational needs, Century Agenda, Portwide goals, and division priorities drive the budget priorities of Central Services departments. The 2024 budget development approach included the following steps: scrutinizing line-items by account and making appropriate adjustments to the 2023 baseline budget; adding a 5% COLA and a 2% average pay for performance increase and refreshing benefit costs for non-represented employees; reviewing new budget requests from individual departments and incorporating costs of approved items.

### **Overview of Major Changes in 2024 Budget:**

The 2024 budget for Central Services is \$180.6M, \$17.7M or 10.9% higher than the 2023 budget. The budget before Capital Charges is \$227.1M, \$22.3M or 10.9% increase from the 2023 budget. The 2024 budget includes \$3.4M of new budget additions to support Century Agenda goals, enhance safety and security of the public, advance work on regional economic priorities and enhance engagement with surrounding communities, and to meet organizational needs and division priorities. The new budget additions are outlined in Tables VII-2 through VII-3.

The 2024 total payroll budget increased by \$16.8M or 11.4% primarily due to (1) 17.0 new FTEs for 2024, (2) 11.5 mid-year approved FTEs in 2023, (3) a 5.0% COLA and 2.0% average Pay for Performance increase, (4) increase for represented groups based on contracts, and (5) partially offset by a 5% vacancy factor of \$7.1M.

2024 non-payroll budget increased by \$5.5M primarily due to a combination of (1) increases in Outside Services \$4.5M, (2) Insurance Expense \$1.0M, and (3) Travel & Other Employee Expenses \$274K. Both the payroll and non-payroll costs are partially offset with a \$4.6M or 11.0% more Charges to Capital in 2024.

**TABLE VII-2: 2024 APPROVED NEW BUDGET ADDITIONS (ALL ITEMS):**

A total of 81 New Budget requests for \$8.0M were received. Out of the total requests received, 36 items were approved for a total of \$3.4M.

Category	Purpose/Outcome	Approved Amount
<b>Implement and support Century Agenda (CA) Goals</b>	New Engineering Staff (7.0 FTEs) and Construction Partnering program to support the 5-year Capital Improvement plan.	440,898
	New Port Construction Services Staff (2.0) to support Small Works capital and expense projects in support of the CA goal to advance this Region as a Leading Tourism Destination and Business Gateway.	109,563
	Provide support to Employee Resource Groups supporting the CA goal to become a model for equity, diversity, and inclusion.	20,000
	<b>Subtotal</b>	<b>570,462</b>
<b>Safety &amp; Security</b>	Increased funding for South Correctional Entity (SCORE) to support the goal of keeping the airport safe for the traveling public and employees.	450,000
	Police Specialist and Nonsworn Supervisor to provide essential public safety services to all Port of Seattle customers and stakeholders.	282,529
	IoT/OT Asset Intelligence and Security Platform to fortify our cybersecurity infrastructure and ensure the safety and reliability of our operations.	180,000
	Employee Wellness and computer aided dispatch (CAD) and records management system (RMS) Training for Police department.	60,000
<b>Subtotal</b>	<b>972,529</b>	
<b>Advance work on regional economic priorities and enhance engagement with surrounding communities</b>	Support for Maritime High School.	250,000
	New Program Specialist to support community programs developed in recent years to return benefits to near-Port communities and foster strategic partnerships.	115,793
	Airport Anniversary Book Printing and Promotion; Web and document translation to support the Port's Language Access initiative that ensures 5 inclusion of non or limited English speakers, including those 6 who are hard of hearing or deaf, in the use of Port services and facilities.	112,500
	<b>Subtotal</b>	<b>478,293</b>
<b>Organizational Needs and Division Priorities</b>	Business Technology staff to support PeopleSoft systems users and Accountant II to meet growing business requirements.	329,852
	HR Data Analyst to support several programs and processes; HR Business Tech Analyst to provide support to the implementation and administration of third-party systems; HR Leadership Conference to address the needs of the organization.	302,875
	Supplier Management Operations Supervisor and E-Portal to provide a secure way for Suppliers to enter their information and automate set-up.	208,038
	Windows Server 2012 Support and bandwidth capacity increase to meet the growing demands and ensure efficient connectivity across our organization.	168,000
	Business Systems Analyst to support the Port's online invoice/payment portal and implement changes to the revenue sub-systems.	92,302
	Engineering Invoice Specialist to support the operation of the Engineering department.	79,848
	Commission Office Consulting Contract for the assesment of the organizational culture; travel budget to meet increased commissioner engagement in state and federal associations and boards as well as invitations to speak to global audiences at various international conferences.	60,000
	Outside Temporary Services to support the Internal Audit team to fill in for staff on leave.	40,000
	Alteryx Training for users in an effort to to automate our business processes.	36,000
	East King County Community & Government Relations staff to foster relationships with 24 cities on the Eastside and support initiatives that promote Workforce Development, Small Business Outreach, Economic Development, Tourism, Government Relations, Community Engagement, and Transportation initiatives.	25,000
Artificial Intelligence to improve efficiency and effectiveness of business operations.	20,000	
<b>Subtotal</b>	<b>1,361,915</b>	
<b>Grand Total</b>		<b>3,383,197</b>

The following Tables VII-3 and VII-4 and Figure VII-1 illustrate the administrative expense for Central Services by department and by account:

**TABLE VII-3: CENTRAL SERVICES REVENUES AND EXPENSES BY ACCOUNT**

(\$ in 000's)		2021	2022	2023	2024	% Change
By Account	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>Total Operating Revenue</b>		\$ (233)	\$ 2,538	\$ 155	\$ 163	5.3%
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 117,018	\$ 125,768	\$ 148,423	\$ 164,994	11.2%
Equipment Expense		1,627	2,982	2,809	2,688	-4.3%
Utilities		32	33	38	35	-7.8%
Supplies & Stock		812	992	973	997	2.4%
Outside Services		29,301	31,079	40,918	45,460	11.1%
Travel & Other Employee Expenses		1,038	1,950	3,417	3,691	8.0%
Promotional Expenses		222	540	1,808	1,855	2.6%
Other Expenses		5,608	9,031	6,459	7,401	14.6%
<b>Total O&amp;M Expenses Before Charges to Cap/Govt/Envrs Projects</b>		<b>155,657</b>	<b>172,375</b>	<b>204,846</b>	<b>227,121</b>	<b>10.9%</b>
Charges to Capital/Govt/Envrs Projects		(30,136)	(30,793)	(41,943)	(46,537)	11.0%
<b>Total O&amp;M Expenses w/o Pension Credit</b>	1)	<b>\$125,521</b>	<b>\$141,583</b>	<b>\$162,903</b>	<b>\$180,583</b>	<b>10.9%</b>
DRS Pension Credit		(29,768)	(6,666)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>		<b>\$ 95,753</b>	<b>\$134,917</b>	<b>\$162,903</b>	<b>\$180,583</b>	<b>10.9%</b>

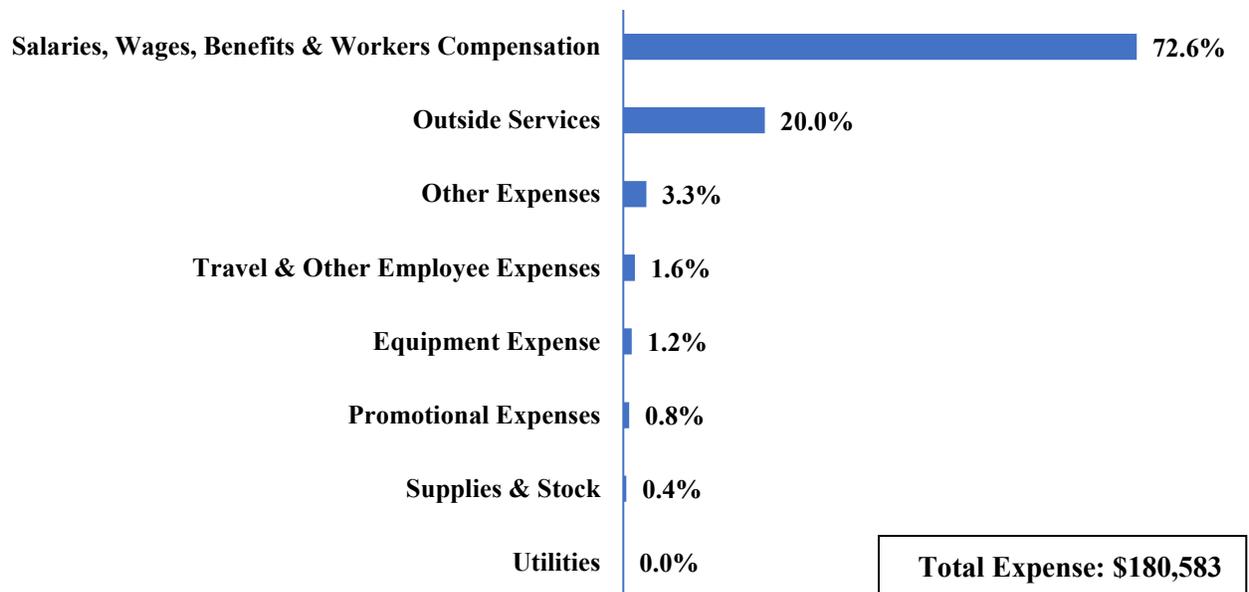
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Note:

- 1) Does not include adjustment for charges into Central Services Subclasses from Divisions

**FIGURE VII-1: CENTRAL SERVICES EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE VII-4: CENTRAL SERVICES EXPENSE BY DEPARTMENT**

(\$ in 000's)		2021	2022	2023	2024	% Change
BY DEPARTMENT	Notes	Actual	Actual	Budget	Proposed Budget	2023 Bud - 2024 Bud
<b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS</b>						
Commission		\$ 1,773	\$ 2,206	\$ 2,905	\$ 3,485	20.0%
Executive		2,051	2,029	3,678	3,632	-1.3%
Legal		7,058	8,217	5,229	6,168	18.0%
External Relations		6,827	8,651	12,333	12,839	4.1%
Human Resources		8,745	11,218	16,049	17,303	7.8%
Labor Relations		1,110	1,085	1,600	1,621	1.3%
Internal Audit		1,296	2,406	2,187	2,224	1.7%
Accounting & Financial Reporting		6,970	7,941	10,344	11,646	12.6%
Information & Communications Technology		23,269	28,550	34,639	36,846	6.4%
Finance & Budget		1,801	2,279	2,765	3,036	9.8%
Business Intelligence		904	1,395	2,072	2,178	5.1%
Risk Services		4,047	5,078	5,749	6,877	19.6%
Office of Strategic Initiatives		713	893	1,471	1,508	2.5%
Central Procurement Office		5,837	8,565	11,340	12,459	9.9%
Information Security		1,350	1,595	2,806	2,926	4.2%
Equity, Diversity and Inclusion		4,937	4,283	6,953	7,092	2.0%
Contingency	1)	(123)	(268)	(6,579)	(4,990)	-24.1%
Environment & Sustainability		676	763	2,050	2,192	6.9%
Police		17,198	35,066	36,673	40,538	10.5%
Engineering		21,733	25,401	38,160	44,286	16.1%
Port Construction Services		7,720	8,356	12,419	13,254	6.7%
<b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b>	2) & 3)	<b>125,890</b>	<b>165,710</b>	<b>204,846</b>	<b>227,121</b>	<b>10.9%</b>
<b>CHARGES TO CAPITAL/GOVT/ENVRs PROJECTS</b>						
		<b>(30,136)</b>	<b>(30,793)</b>	<b>(41,943)</b>	<b>(46,537)</b>	<b>11.0%</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>						
Commission		2,093	2,360	2,905	3,485	20.0%
Executive		2,472	2,218	3,678	3,632	-1.3%
Legal		7,718	8,540	5,079	6,018	18.5%
External Relations		8,037	9,215	12,333	12,839	4.1%
Human Resources		10,335	11,921	16,049	17,303	7.8%
Labor Relations		1,373	1,177	1,600	1,621	1.3%
Internal Audit		1,646	2,565	2,047	2,224	8.6%
Accounting & Financial Reporting		8,699	8,672	10,344	11,646	12.6%
Information & Communications Technology		24,162	27,535	30,419	32,024	5.3%
Finance & Budget		2,292	2,499	2,765	3,036	9.8%
Business Intelligence		1,130	1,496	2,072	2,178	5.1%
Risk Services		4,165	5,144	5,749	6,877	19.6%
Office of Strategic Initiatives		893	974	1,471	1,508	2.5%
Central Procurement Office		4,986	6,494	8,021	9,019	12.4%
Information Security		1,636	1,703	2,794	2,886	3.3%
Equity, Diversity and Inclusion		5,180	4,406	6,953	7,092	2.0%
Contingency		(123)	(268)	(6,579)	(4,990)	-24.1%
Environment & Sustainability		758	795	2,050	2,192	6.9%
Police		28,678	33,487	36,673	40,538	10.5%
Engineering		5,403	6,654	9,497	11,739	23.6%
Port Construction Services		3,988	3,939	6,980	7,716	10.5%
Central Services Capital to Expense		-	56	-	-	0.0%
<b>Total O&amp;M Expenses w/o Pension Credit</b>	4)	<b>125,521</b>	<b>141,583</b>	<b>162,903</b>	<b>180,583</b>	<b>10.9%</b>
DRS Pension Credit		(29,768)	(6,666)	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>		<b>\$ 95,753</b>	<b>\$134,917</b>	<b>\$162,903</b>	<b>\$180,583</b>	<b>10.9%</b>

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Notes:

- 1) Contingency includes a vacancy factor of 5% of salaries, wages, and benefits for 2024.
- 2) Does include DRS pension credits.
- 3) Does not include adjustment for charges into Central Services Subclasses from Divisions.
- 4) Does not include DRS pension credits.

**E. STAFFING**

Every budget cycle which typically starts in July through December of the preceding year, Central Services departments can request for new staff or full-time equivalents (FTEs). Each FTE request must include a justification write-up that goes through the executive review process. Once approved, the new FTE and all associated expenses (i.e., membership, equipment, registrations, etc.) are added in Adaptive Insights (the Port’s financial planning and analysis system). The proposed FTE budget is included in the commission budget briefings starting in September through November when the budget is formally adopted.

During the budget year (and after the budget has been adopted), departments may request for additional FTEs to meet unanticipated departmental needs. These are referred to as mid-year FTEs. The request must be approved by the Executive Director and the requesting department must cover the additional mid-year FTE costs within their approved budget.

The 2023 Approved FTE budget was 919.2. During the first and second quarters of this year, 11.5 mid-year FTEs were added, and 1.0 FTE was transferred to Aviation. These mid-year FTEs were added to support the Port’s Priority Hire (PH) initiative and growing capital program; manage and support the operations of the police department; provide effective legal services; assist the Total Rewards team; and support the Duwamish Valley Community Equity Program (DVCEP). For the 2024 Budget Process, Central Services departments submitted a total of 53.5 new FTE requests. Departments presented their budget proposals to the Executive Leadership Team (ELT) in mid-August. Out of the 53.5 requested, 17.0 new FTEs were approved by ELT. The 2024 proposed FTE Budget is 945.7 FTEs, a 2.9% increase from 2023 Budget.

**TABLE VII-5: CENTRAL SERVICES STAFFING**

STAFFING (Full-Time Equivalent Positions)		2021	2022	2023	2023	2024	# Change	% Change
BY DEPARTMENT	Notes	Actual	Actual	Budget	Est. Act.	Proposed Budget	2023 Bud- 2024 Bud	2023 Bud- 2024 Bud
Commission		18.0	18.0	18.0	18.0	18.0	0.0	0.0%
Executive Office		7.0	7.0	7.0	7.0	7.0	0.0	0.0%
Legal		17.0	18.0	16.0	19.0	19.0	3.0	18.8%
External Relations	1	39.0	37.0	38.0	37.8	38.8	0.8	2.1%
Human Resources	2	99.3	98.3	109.4	110.4	111.4	2.0	1.8%
Labor Relations		7.0	7.0	7.0	7.0	7.0	0.0	0.0%
Internal Audit		11.0	11.0	11.0	11.0	11.0	0.0	0.0%
Accounting & Financial Reporting (AFR)	3	57.0	58.0	59.0	59.0	63.0	4.0	6.8%
Information & Communication Technology (ICT)	4	130.8	131.8	129.8	130.0	130.0	0.2	0.2%
Finance & Budget	5	12.6	13.0	13.0	13.0	13.0	0.0	0.0%
Business Intelligence	6	10.8	11.0	10.0	10.0	10.0	0.0	0.0%
Risk Services		6.0	6.0	6.0	6.0	6.0	0.0	0.0%
Office of Strategic Initiatives	7	9.0	7.0	7.0	7.0	7.0	0.0	0.0%
Central Procurement Office	8	57.0	63.0	63.0	63.0	63.0	0.0	0.0%
Information Security	9	8.0	10.0	10.0	10.0	10.0	0.0	0.0%
Office of Equity, Diversity and Inclusion (OEDI)	10	10.0	14.0	16.0	16.5	16.5	0.5	3.1%
Police	11	166.0	180.0	179.0	182.0	184.0	5.0	2.8%
Engineering	12	136.0	138.0	143.0	146.0	152.0	9.0	6.3%
Port Construction Services (PCS)	13	59.0	70.0	72.0	72.0	74.0	2.0	2.8%
Environment & Sustainability	14	1.0	4.0	5.0	5.0	5.0	0.0	0.0%
<b>TOTAL CENTRAL SERVICES</b>		<b>861.5</b>	<b>902.1</b>	<b>919.2</b>	<b>929.7</b>	<b>945.7</b>	<b>26.5</b>	<b>2.9%</b>

FTE.XLS

Notes:

- 1) External Relations (ER) eliminated 2.0 Frozen FTEs (Photographer and Graphic Specialist) in 2022. In 2023, two positions were added: 1.0 FTE Sr. Manager, Tribal Relations and a 0.8 mid-year Part-time Limited Duration Community Hub Building Coordinator. Additionally, 1.0 FTE (Department Contract Specialist) was transferred to Aviation. For 2024, 1.0 FTE (Program Specialist, Community Impact Programs) will be added.
- 2) Human Resources (HR) reduced the intern count by 4.1, added a 1.0 FTE (Health & Safety Program Manager – Fall Protection), and was approved to add 2.0 mid-year FTEs (Total Rewards Analyst, HR Communications Specialist) in 2022. For 2023 Budget, HR was approved to add 6.0 FTEs (Talent Acquisition Coordinators (2.0), Talent Acquisition Representative, Learning Management System Technology Analyst, Sr. Administrative Staff Assistant, Health & Safety Program Manager), and 5.1 FTEs (College Interns); HR also reduced the High School Intern count by 2.9 and received 3.0 FTEs (Senior Manager Workplace Responsibility, Investigation Specialist (2.0)) from Legal. Earlier this year, HR added 1.0 mid-year FTE (Total Rewards Assistant). For 2024, 2.0 FTEs (Total Rewards Assistant and Data Analyst) will be added, and 1.0 FTE (Worker’s Compensation Manager) will be eliminated.
- 3) Accounting & Financial Reporting (AFR) added 1.0 FTE (Senior Financial Reporting & Control Analyst) in 2022 and another 1.0 FTE (Accounting Supervisor, Capital Services) in 2023. For 2024, 4.0 FTEs (Accountant II, Business Systems Analyst, Supplier Management Operations Supervisor, Business Tech Consultant) will be added.
- 4) Information & Communication Technology (ICT) added a 1.0 FTE (Business Analyst) at the start of 2022. For 2023, ICT added 1.0 FTE (Enterprise Resource Planning Administrator) and eliminated 3.0 Frozen FTEs (Lead Software Developer, Web Coordinator, Senior Windows Server Engineer). Additionally, ICT converted a Part-Time (0.8) to a Full-Time 1.0 FTE (GIS Analyst).
- 5) Finance and Budget (FB) replaced the Part-Time Limited-Duration (0.6) with a full-time 1.0 FTE (Sr. Treasury Analyst) in 2022.
- 6) Business Intelligence (BI) converted a Part-Time position from 0.8 to 1.0 (Customer Research Field Worker) in 2022 and eliminated a 1.0 Frozen FTE (Principal BI Data Engineer) in 2023.
- 7) Office of Strategic Initiative eliminated 2.0 Frozen FTEs (Administrative Assistant and Process Improvement Program Manager) in 2022.
- 8) Central Procurement Office (CPO) added 6.0 FTEs (Buyer III – P-Card Administrator, 2 Buyer II, Contract Administrator II, Contract Administrator V – Construction, Contract Administrator III) in 2022.
- 9) Information Security added 2.0 FTEs (Sr Engineer/Analyst and Compliance and Risk Manager) in 2022.
- 10) Office of Equity, Diversity and Inclusion (OEDI) added 4.0 apprentices at the beginning of 2022. For 2023, OEDI added 3.0 FTEs (Sr. Environmental Justice Program Manager, Sr. Manager Workforce Development Strategies, Workforce Development Contract Administrator) and a mid-year 0.5 Part-Time Limited Duration Program Coordinator. OEDI also eliminated 1.0 FTE (AV Program Manager).
- 11) Police added 12.0 FTEs (4 Traffic Support Specialists, Crisis Coordinator, Seaport Patrol Officer, 6 Police Officers) and was approved to add 2.0 mid-year FTEs (911 Dispatcher, Police Records Manager) in 2022. Earlier this year, Police was authorized to extend a Limited-Duration position (Teacher, Adviser, Coach (TAC) Officer) whose term expired at the end of 2022. Additionally, Police was approved to add 2.0 mid-year FTEs (Police Administrative Supervisor, Administrative Assistant). In 2024, Police will add 2.0 FTEs (Police Specialist, Communications Supervisor).
- 12) Engineering added 2.0 FTEs (Sr. Construction Manager and Structure Engineer III) in 2022. For 2023, Engineering added 5.0 FTEs (Construction Mgr. - Airfield/Noise, Resident Engineer II–Baggage, Civil Engineering Technician, Utility Locating Technician, Construction Safety Manager I) and 3.0 mid-year FTEs (Construction Labor Priority Hire/Apprentice Specialist, Resident Engineer 3 - Terminal and Tenant, Senior Manager - Design Services). In 2024, Engineering will add 6.0 FTEs

(Invoice Specialist, Sr. BIM Tech Specialist, Assistant Engineer – Airfield, Construction Inspector 2 – Waterfront, Resident Engineer 5 - Infrastructure (IWTP), Project Assistant – Waterfront).

- 13) Port Construction Services (PCS) added 2.0 FTEs (Assistant Manager Field Operations, Construction Coordinator) and converted 9.0 temporary hires to regular FTEs in 2022. For 2023, PCS added 2.0 FTEs (Construction Manager I, Administrative Assistant). In 2024, 2.0 FTEs (Time Administrator, Construction Manager I) will be added.
- 14) Environmental & Sustainability added 2.0 FTEs (Sustainability Analyst and Environmental Innovation and Performance Communications) at the start of 2022 and was approved to add 1.0 mid-year FTE (Sr. Administrative Assistant) during the second quarter. For 2023, Environmental & Sustainability added 1.0 FTE (Clean Energy Planner/Coordinator).

**F. CAPITAL BUDGET**

Central Services has a total capital budget of \$17.9 million for 2024. For more detail refer to the Capital Improvement Plan, Section IX.

TABLE VII-6 provides a summary of the Central Services 2024-2028 capital budget.

**TABLE VII-6: CENTRAL SERVICES CAPITAL BUDGET**

(\$ in 000's)	2024 Budget	2024-2028 CIP	% of 2024 Total Committed
<b>Committed Capital Projects</b>			
ICT Business Services	\$ 15,468	\$ 33,080	94.8%
General and Capital Development	840	2,189	5.2%
<b>Total Committed</b>	<b>\$ 16,308</b>	<b>\$ 35,269</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 7,820</b>	<b>\$ 25,132</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (6,200)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 17,928</b>	<b>\$ 60,401</b>	

CAPSUM

**G. FINANCIAL AND FTE SUMMARY**

**TABLE VII-7: FINANCIAL AND FTE SUMMARY**

(\$ in 000's)	2021 Actual	2022 Actual	2023 Budget	2023 Forecast	2024 Proposed Budget	Growth 2023 Bud - 2024 Bud
<b>OPERATING BUDGET</b> Notes						
<b>Total Operating Revenues</b>	\$ (233)	\$ 2,538	\$ 155	\$ 466	\$ 163	5.3%
Core Central Services	87,451	97,503	109,752	110,667	120,590	9.9%
Police Department	28,678	33,487	36,673	37,386	40,538	10.5%
Engineering	5,403	6,654	9,497	8,831	11,739	23.6%
Port Construction Services	3,988	3,939	6,980	6,023	7,716	10.5%
<b>Total O&amp;M Expenses w/o Pension Credit</b>	<b>125,521</b>	<b>141,583</b>	<b>162,903</b>	<b>162,907</b>	<b>180,583</b>	<b>10.9%</b>
DRS Pension Credit	(29,768)	(6,666)	-	-	-	NA
<b>Total O&amp;M Expenses with Pension Credit</b>	<b>95,753</b>	<b>134,917</b>	<b>162,903</b>	<b>162,907</b>	<b>180,583</b>	<b>10.9%</b>
<b>Net Operating Income (with Pension Credit)</b>	<b>\$ (95,987)</b>	<b>\$ (132,379)</b>	<b>\$ (162,748)</b>	<b>\$ (162,441)</b>	<b>\$ (180,420)</b>	<b>10.9%</b>
<b>CAPITAL SPENDING</b>	<b>\$ 5,432</b>	<b>\$ 6,276</b>	<b>\$ 11,959</b>	<b>\$ 11,015</b>	<b>\$ 17,928</b>	<b>49.9%</b>
<b>TOTAL FTEs</b>	<b>861.5</b>	<b>902.1</b>	<b>919.2</b>	<b>929.7</b>	<b>945.7</b>	<b>2.9%</b>

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# VIII. TAX LEVY

## **TAX LEVY**

### **A. TAX AT A GLANCE**

- The preliminary maximum allowable levy for 2024 is \$115.6M.
- For 2024 the preliminary levy is \$86.7M, a 4.8 percent increase over the 2023 levy of \$82.7M. The levy is currently under review and may change for the final budget.
- The estimated 2024 millage rate is \$0.106.
- Planned levy uses in 2024 include:
  - General Obligation (G.O.) Bond debt service.
  - Capital projects reviewed by the Commission.
  - Environmental remediation.
  - Environmental and climate change initiatives.
  - Highline Schools Noise project.
  - Workforce development initiatives and community business assistance.
  - Economic development partnership grants.
  - Support for local and regional Tourism.
  - City of SeaTac safety enhancements.
  - Local community advertising at Sea-Tac Airport.
  - South King County Community Impact Fund.
  - Duwamish Valley Community Equity Program.
  - Support for the Equity, Diversity and Inclusion department and high school internship program.

### **B. TAX LEVY SOURCES**

#### **TYPES AND LIMITS OF LEVIES:**

##### **Regular Tax Levy**

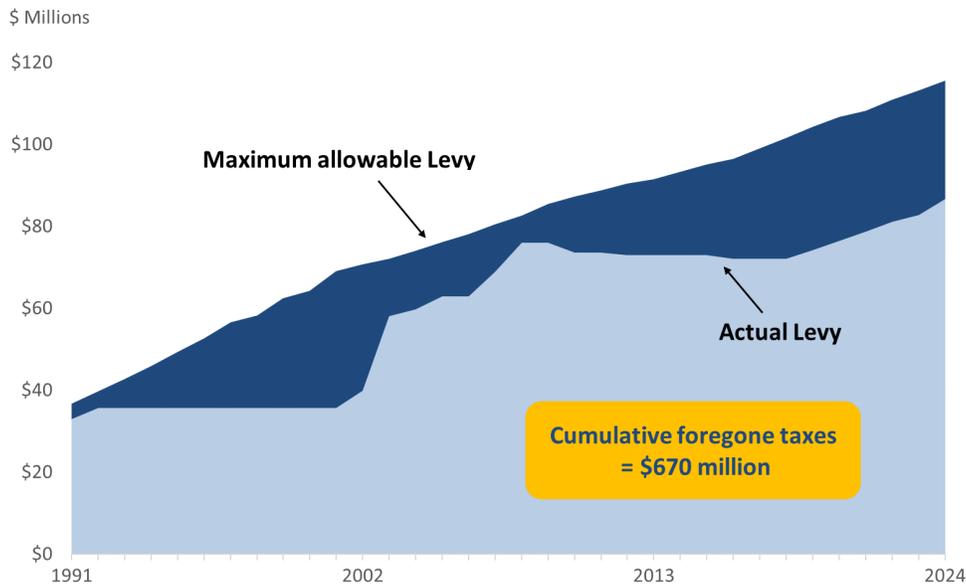
The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all properties is required annually.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed to the Port by the County Treasurer.

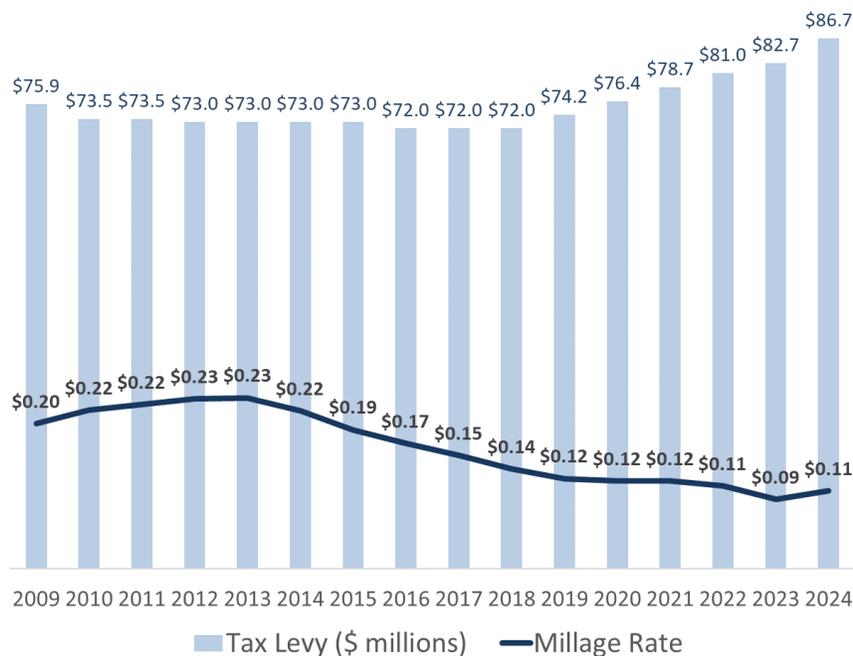
Washington State ports are permitted to levy up to \$0.45 per \$1,000 of Assessed Valuation for general port purposes under Washington State law in Revised Code of Washington (“RCW”) Chapter 53.36. The levy may go beyond the \$0.45 limit to provide for G.O. Bond debt service. However, the rate may be reduced below the \$0.45 limit for the following reason: RCW Chapter 84.55 limits the annual growth of regular property taxes to the lesser of 1% or the inflation rate, where inflation is measured by the percentage change in the implicit price deflator for personal consumption expenditures for the United States, after adjustments for new construction. This 1% limit factor was instituted by Initiative 747 that Washington State voters approved in November 2001 (for levy limit calculation see Section XI Statutory Budget). The Port’s levy is limited by this 1% limit factor.

FIGURE VIII-1 shows the maximum levy permitted by law versus the actual levy levied by the Port from 1991 (the last year the Port levied the maximum) to 2024. In 1989, the law was changed whereby a port could have a levy at less than the maximum while preserving the ability to tax up to the maximum in the future if the need is justified. This allows a port to tax at the lower level in the years when the maximum levy is not required but return to the maximum level in years of need. Since 1991, on a cumulative basis, the Port has levied a total of \$670M less than it could have if it had levied the maximum allowable levy each year.

**FIGURE VIII-1: ACTUAL TAX LEVY VS. MAXIMUM ALLOWABLE LEVY: 1991-2024**



**FIGURE VIII-2: TAX LEVY VS. MILLAGE RATE 2009-2024**



### **Special Tax Levies**

Special levies approved by the voters are not subject to the same limitations as the regular levy.

The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed \$0.45 per \$1,000 of Assessed Value of taxable property within the Port District.

### **Industrial Development District Tax Levies**

The Port may also levy property taxes for Industrial Development Districts (under a comprehensive scheme of harbor improvements), for two multi-year periods. The Port of Seattle levied the tax for a six-year period between 1963 and 1968 for property acquisition and development of the lower Duwamish River. In 2015, the rules governing the IDD tax levy were modified by the Washington State Legislature. Under the new rules, if the Port intends to levy this tax for a second multi-year period (not to exceed twenty years), the Port must adopt a resolution approving the use of the second levy period and publish notice of intent to impose such a levy no later than April 1 of the year prior to the first collection year. If a petition is filed with signatures of at least eight percent (8%) of the voters, the question of whether or not the levy can be imposed will be decided by voters. The amount of the Industrial Development Levy that could be imposed is now calculated on the Assessed Valuation of taxable property within the Port District in the year prior to the first collection year. This aggregate amount is calculated at \$2.70/\$1,000 of assessed value and represents the total amount that can be levied over the second levy period. The Port has not levied the second multi-year period, but if the Port were to levy under this law, based on 2024 preliminary assessed value, the Port may levy up to an estimated \$2.3B over the twenty-year period, with the collection period beginning no sooner than 2025.

### **C. TAX LEVY USES**

During the annual budget process, the Commission reviews and approves the amount of and expected uses of the tax levy. For 2024 the preliminary levy is \$86.7M levy, a 4.8 percent increase from the \$82.7M levy in 2023. For 2024 the preliminary levy is \$86.7M, a 4.8 percent increase from the \$82.7M levy in 2023. The levy is currently under review and could change for the final budget. This proposed increase will help fund important capital investments in Seattle's working waterfront and maritime industries, as well as continued support of community programs and environmental remediation.

The 2024 levy is expected to fund \$34.7M in existing G.O. bond debt service. This primarily reflects obligations for past investments. See Table VIII-2 for the complete allocation of existing 2024 G.O. bond debt service by project.

The tax levy will help fund an estimated \$62.4M of capital improvements in 2024, including investments in key maritime and economic development projects aimed at maintaining Port assets, advancing maritime industries, supporting Seattle's working waterfront, and investing in local communities and the environment. Such projects include Northwest Seaport Alliance (NWSA) container terminal improvements in the North Harbor (Seattle), redevelopment efforts at Fishermen's Terminal and Terminal 91 (berth and uplands improvements), safety improvements at Salmon Bay Marina, channel deepening to accommodate larger container vessels, the Maritime Innovation Center aimed at connecting the local maritime community with education and resources, and beginning Phase 1 of the Port's Maritime Climate and Air Action Plan (MCAAP) to help address the urgency of the climate crisis in near-Port communities.

The levy is also expected to fund an estimated \$6.1M in environmental remediation expenses in 2024 and \$13.4M on various community support programs described below.

The levy has not traditionally been used for projects at the Airport; however, the Commission has approved the use of the levy for specific community benefit programs not otherwise eligible for Airport funding due to FAA regulations. These include safety enhancements in the City of SeaTac and noise mitigation improvements at certain Highline School District schools near the Airport. The timing of Highline School District funding is dependent on the Highline School District, the Port expects to spend \$1.0M on Highline school insulation projects in 2024.

In 2019, the Commission approved an additional \$15.0M in funding for airport related programs; spending on these programs is not eligible for airport funding and is funded from the tax levy. The programs support reduction of air emissions at the Airport and communities near the Airport in south King County. In 2021, the Commission approved Order 2021-12 to review the South King County Community program for a possible five-year, \$10.0M extension. For 2024 the Port expects to spend \$2.2M of the South King County Community Impact fund to support environmental health and sustainability efforts as well as community equity programs and will fund an additional \$589,000 towards staff costs to support the program.

In 2022, the Port entered into a Memorandum of Understanding with the Seattle Aquarium in which the Port agreed to provide \$5M in funding for the Seattle Aquarium's development of a Port-themed exhibit in the new Ocean Pavilion. The Port has contributed \$1.1M to date and expects to contribute an additional \$1.0M in 2024.

Additional tax levy uses in 2024 include support for other community programs, such as: workforce development including the Youth Maritime Career Launch Program, Community Business Connector, tourism marketing support program, economic development partnership grant initiatives, funding for a Public Market Study in partnership with King County, Duwamish Valley Community Equity funding, Airport Community Ecology (ACE) funding, partially funding staff costs for the Port's Equity, Diversity and Inclusion department and high school internship program, investment towards Disadvantaged Business Enterprise (DBE) and Women and Minority Owned Business Enterprise (WMBE) training and consulting, various efforts to clean and protect the Puget Sound waterway including an investment in the statewide non-profit Maritime Blue strategic alliance, and support for a local community advertising program at the Airport which aims to showcase nearby cities and destinations.

Table VIII-1 provides details of both the sources and uses of the tax levy. Some uses may have additional funding sources; the table only provides the amount to be funded by the tax levy.

**TABLE VIII-1: SOURCES AND USES OF TAX LEVY**

	Notes	2024 (\$ in 000's)
<b><u>SOURCES</u></b>		
Prior Year Tax Levy Fund Balance		\$ 45,378
Projected Tax Levy Collection		86,665
Grants & Other Reimbursements		7,731
Total Projected Sources		139,773
<b><u>USES</u></b>		
G.O. Bonds Debt Service - Existing		34,682
G.O. Debt Service - New		7,347
Capital Expenditures		62,410
<i>Other Expenditures:</i>		
Environmental Remediation Liability (Non-Aviation)	1	6,101
Public Expense - Gateway Park North		250
Environmental Grants (ACE)		40
Workforce Development & Economic Development Programs		3,913
Economic Development Partnership Programs		950
Duwamish Valley Community Equity Program		471
Maritime Blue		175
Community Business Connector		380
Tourism Marketing Support Program		300
Local Community Advertising Program		466
South King County Community Impact Fund		2,214
South King County FTE Support		589
Equity, Diversity and Inclusion		203
High School Internship Program		259
Seattle Aquarium Partnership		1,000
City of SeaTac Safety Enhancements		1,400
Highline Schools Noise Projects		1,016
Total Projected Other Expenditures		19,728
Total Projected Uses		124,167
Projected Ending Tax Levy Fund Balance		\$ 15,606

Note:

- 1) Includes projected cashflows for environmental projects already or expected to be booked as liabilities.

The tax levy, by Washington State statute, may be used broadly for general Port purposes. The Port’s policy has been to prioritize the use of the levy to first pay debt service on previously issued G.O. bonds. Proceeds from the most recent new money G.O. bond issuance, the 2022B LTGO’s, are not fully spent but have so far funded the Port’s investment in Terminal 5 and are expected to continue to fund (or partially fund) Terminal 5 as well as other various non-Airport and NWSA capital projects within the North Harbor. Prior to that the 2017 LTGO bonds funded the Port’s contribution to the Alaskan Way Viaduct replacement program. G.O. bonds also helped fund critical capital infrastructure investments in and around the Seattle Harbor, including container terminal upgrades and expansions, Fishermen's Terminal improvements, and dock renewals and upgrades at the Terminal 86 grain facility and Terminal 115. The Port forecasts \$34.7M in existing G.O. bond debt service in 2024, which is approximately 40% of total 2024 levy collections.

**TABLE VIII-2: EXISTING G.O. BOND DEBT SERVICE BY PROJECTS AND GROUP**

	Notes	2024 (\$ in 000's)
<b>Containers</b>		
T-5 Expansion & Upgrades		\$ 2,179
T-46 Expansion Redevelopment		14
T-18 Expansion & Upgrade		7,453
T-115 Yard Upgrades		1
Total Containers		9,646
<b>Docks and Commercial Properties</b>		
T-91 Apron & Infrastructure Improvements & Upgrades		3,303
<b>Public Expense</b>		
Alaskan Way Viaduct Replacement		15,925
<b>Fishing</b>		
Fishermen's Terminal Docks & Seawall Renewal		925
<b>Unallocated Debt Service</b>		
2022B LTGO New Money	1	4,882
<b>Total G.O. Bond Debt Service</b>		<b>\$ 34,682</b>

Note:

- 1) Proceeds of the 2022B LTGO new money issuance are not fully spent. Debt service will be allocated after project spending is complete.

The Port has also used tax levy funds to support the following:

**Transportation & Infrastructure Fund (TIF)**

From time to time, the Port partners with the State and other local governments to invest in mutually beneficial transportation initiatives. The Port currently has an estimated \$63.7M of tax levy funds set aside in the Transportation & Infrastructure Fund (TIF), which has been and will be used to fund the Port’s contribution and obligations towards multiple regional mobility and transportation efforts. See Table VIII-3 for a summary of project spending.

**TABLE VIII-3: USES OF TRANSPORTATION AND INFRASTRUCTURE FUND**

(\$ in 000's)	<b>2024</b>	<b>Future Obligations</b>
Beginning TIF Balance	\$ 63,730	\$ 41,823
Project Spending:		
Safe and Swift Corridor	1,582	720
Seattle Heavy Haul Network	2,325	17,500
State Route 509	15,000	15,000
West Seattle Bridge	3,000	-
Other	-	799
Total Project Spending	\$ 21,907	\$ 34,019
Ending TIF Balance	\$ 41,823	\$ 7,804

In 2015, the Port entered into a Memorandum of Understanding (MOU) with the City of Seattle to establish a heavy haul network, which will allow heavier cargo containers to be transported between Seattle cargo terminals, industrial businesses and rail yards. The MOU provides the framework to repair and build roadways within the network, calls for semi-annual safety inspections of heavy haul trucks, and aligns weight regulations with the state and other municipalities across the country. The heavy haul network will also eliminate citations from the State Patrol to truck drivers for carrying overweight loads. As part of this MOU, the Port agreed to fund between \$10.0M and \$20.0M over a 20-year period for existing and future roadway repairs and reconstruction within the network. The Port expects to fund \$2.3M of that total in 2024.

As the Puget Sound region continues to experience strong growth, the vehicle traffic has created mobility and safety challenges within local transportation corridors. In 2017, the Port entered into an MOU with the City of Seattle for \$20.0M to launch the Safe and Swift Corridor Program to support projects and other efforts to improve transportation flow and safety along key freight transportation corridors, including South Spokane Street, 15th Avenue West/Elliott Avenue West/Mercer Street (known as the North of Downtown (NODO) Mobility Improvement project) and Lander Street Bridge (completed in October of 2020). The Port has paid \$4.7M of this funding on the Lander Street Bridge and \$1.3M on the NODO Mobility Improvement project to date with \$1.3M expected to be funded in 2023 and \$1.6M forecast in 2024.

In 2018, the Port, along with multiple local cities, entered into an MOU with the State of Washington for the Gateway Program. The Port agreed to provide \$30.0M of funding for Washington State Route 509 improvements near the Airport. The Port expects to fund \$15.0M of that total in 2024.

In 2021, the Port entered into an MOU with the City of Seattle to provide \$9.0M of funding for repair of the West Seattle Bridge. The Port has paid \$3.0M to date and expects to fund \$3.0M of that total in 2023 and the remaining \$3.0M in 2024.

The TIF will also help continue funding other public expense items related to regional mobility and transportation such as the Freight Action Strategy for Seattle-Tacoma (FAST) Corridor Partnership.

**D. GENERAL OBLIGATION CAPACITY**

**Non-Voted and Voted General Obligation Debt Limitations**

Under Washington State law the Port may incur indebtedness payable from ad valorem taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the District without a vote of the people. With the assent of three-fifths of the voters voting thereon, the District may incur additional G.O. indebtedness provided the total indebtedness of the Port at any time shall not exceed three-fourths of one percent of the value of the taxable property in the District. For the Port, the following estimates the 2024 debt limit:

**TABLE VIII-4: ESTIMATED GENERAL OBLIGATION DEBT LIMIT**

<b>Value of Taxable Property <sup>(1)</sup></b>	<b>\$ 818,180,224,035</b>
Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property)	2,045,450,560
Less: Outstanding Non-Voted General Obligation Bonds as of 12/31/2023	315,360,000
Less: Undrawn Line of Credit as of 12/31/2023	75,000,000
Less: Capital leases and other general obligations as of 9/30/2023	-
<b>Remaining Capacity of Non-Voted General Obligation Debt</b>	<b>\$ 1,655,090,560</b>
Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property)	6,136,351,680
Less: Total Outstanding General Obligation as of 12/31/2023	315,360,000
Less: Undrawn Line of Credit as of 12/31/2022	75,000,000
Less: Capital leases and other general obligations as of 9/30/2023	-
<b>Remaining Capacity of Total General Obligation Debt</b>	<b>\$ 5,745,991,680</b>

Note:

1) Preliminary assessed valuation as of 9/28/2023.

The Port may levy property taxes sufficient for the payment of principal and interest on voted G.O. indebtedness. The existing limitation provides that unless a higher rate is approved by a majority of the voters at an election, the increase in regular total property taxes payable in the following year shall not exceed the lesser of inflation or one percent of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction and improvements to property by the regular property tax levy rate of that district for the preceding year. With a super majority vote, the Port Commission can increase the levy by 1% if inflation is less than 1%.

**Interaction between General Purpose Levy and General Obligation Debt Capacity**

Since the 101% levy limitation applies to the total levy for G.O. debt service and for general Port purposes, an increase in the tax levy for G.O. bonds may result in a decrease in the amount which could be levied for general Port purposes, unless a higher aggregate tax levy was approved by the voters.

The Port targets to use no more than 75% of the annual levy collection for debt service and to retain at least 25% for general purposes. An estimated 40% of the 2024 tax levy collections will be used to pay existing G.O. debt service in 2024.

**E. TAXPAYER EFFECT**

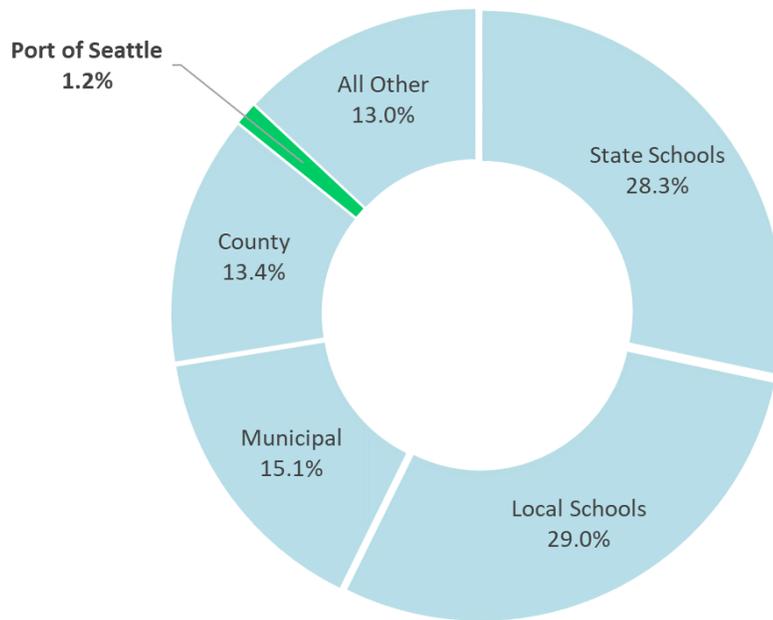
For 2024 the levy is \$86.7M, a 4.8 percent increase from the \$82.7M in 2023. In 2023 the median King County homeowner paid approximately \$80 in taxes to the Port of Seattle based on the median home value provided by the King County assessor. The 2024 amount is expected to be more than \$80; the actual amount will depend on the assessor’s calculation of median home value.

Figure VIII-2 provides the historical millage rate from 2009 to 2024.

**F. COUNTY PROPERTY TAX COMPARISON**

In 2023, the Port accounted for 1.2% of the total property taxes collected by the County.

**FIGURE VIII-3: 2023 PERCENTAGE OF TAX LEVIES BY TAXING DISTRICT**



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# **IX. CAPITAL IMPROVEMENT PLAN**

## **CAPITAL IMPROVEMENT PLAN**

The following pages outline the 2024-2028 Capital Improvement Plan (CIP), including both the Port of Seattle CIP as well as the Port’s 50% funding obligation in the Northwest Seaport Alliance (NWSA) CIP.

The Port of Seattle’s CIP is derived primarily from its three operating divisions - Aviation, Maritime, and Economic Development (EDD). It also includes capital spending related to Central Services, Stormwater Utility and other NWSA legacy projects that are assumed to be 100% funded by the Port of Seattle. Projects in the Port’s CIP are divided into two categories. **Committed Projects** are ongoing projects or projects that are ready to move forward and for which a funding commitment will be secured. **Business Plan Prospective Projects** are less certain in timing or scope, but are considered critical for achieving business plan goals, and the business unit or division has approved them.

The Port is also responsible for 50% of the NWSA CIP, which includes investments in both North (Seattle) and South (Tacoma) Harbors. Additional detail on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port’s fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of three years or more, of which the Port has ownership.

The capital budget policy and process are described in Section XIII, “Appendices”. In conjunction with the development of the CIP, the Port develops a capital funding plan, “The Draft Plan of Finance,” which is reviewed with the Port Commission and will be included as part of the 2024 Final Budget.

Historical analysis indicates that on average, the Port spends approximately 80% of its five-year CIP, but less than 60% of the budgeted (first year) CIP. As a result, the Port implemented a CIP Cashflow Adjustment Reserve to adjust each division’s CIP cashflows to better reflect expected project spending trends in aggregate.

Table IX-1 summarizes the 2024-2028 Port of Seattle CIP by division and the forecasted payment to the NWSA for capital expenditures. This table includes Committed and Business Plan Prospective projects. The Port of Seattle CIP is \$842.7M for 2024 and \$5.6B for 2024-2028. The forecasted payment to the NWSA for capital expenditures is \$72.3M for 2024 and \$210.4M for 2024-2028.

**TABLE IX-1: CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	2024	2025	2026	2027	2028	Total 2024-2028
Aviation	\$ 859,518	\$ 1,165,631	\$ 953,269	\$ 989,647	\$ 987,631	\$ 4,955,696
Maritime	109,025	131,792	50,053	41,938	68,889	401,697
Economic Development	29,225	86,202	31,754	19,716	10,398	177,295
Central Services	24,128	14,319	7,246	7,493	7,215	60,401
NWSA Joint Venture <sup>(1)</sup>	953	230	40	15,000	20,963	37,186
Stormwater Utility	860	1,300	1,375	500	1,575	5,610
CIP Cashflow Adjustment Reserve	(181,044)	102,906	72,671	2,733	2,734	0
<b>Subtotal - Port CIP</b>	<b>\$ 842,665</b>	<b>\$ 1,502,380</b>	<b>\$ 1,116,408</b>	<b>\$ 1,077,027</b>	<b>\$ 1,099,405</b>	<b>\$ 5,637,885</b>
Payment to the NWSA for Capital Expenditures <sup>(2)</sup>	72,279	40,424	29,587	33,467	34,685	210,441
<b>Total Port and 50% NWSA CIP</b>	<b>\$ 914,944</b>	<b>\$ 1,542,804</b>	<b>\$ 1,145,995</b>	<b>\$ 1,110,494</b>	<b>\$ 1,134,090</b>	<b>\$ 5,848,326</b>

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Notes:

- 1) Includes North Harbor (Seattle) channel deepening and other 100% Port legacy costs.
- 2) Represents the Port of Seattle's 50% funding share of NWSA capital expenditures.

**A. AVIATION DIVISION CAPITAL IMPROVEMENT PLAN**

**General:** The Committed CIP is focused on meeting capacity, customer needs, and maintaining existing assets through ongoing renewal and replacement.

Table IX-2 below summarizes the Aviation Division CIP from 2024-2028. The Aviation Division CIP is \$717.6M for 2024 and \$5.0B for 2024-2028.

**TABLE IX-2: AVIATION DIVISION CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	2024	2025	2026	2027	2028	Total 2024-2028
<b>Committed Projects</b>						
Terminal and Tenants	\$ 471,148	\$ 663,508	\$ 464,496	\$ 448,834	\$ 401,871	\$ 2,449,857
Infrastructure	90,063	121,210	117,513	65,545	45,057	439,388
Airfield	123,245	50,941	12,060	0	0	186,246
Landside	38,167	55,569	18,888	17,670	0	130,294
Noise Program	30,712	57,385	15,067	1,333	0	104,497
Security	26,998	12,114	0	0	0	39,112
Aviation Division-wide	6,715	13,868	9,406	0	0	29,989
Commercial Management	8,705	1,222	466	0	0	10,393
Sustainable Airport Master Plan <sup>(1)</sup>	214	0	0	0	0	214
<b>Subtotal - Aviation Committed CIP</b>	<b>\$ 795,967</b>	<b>\$ 975,817</b>	<b>\$ 637,896</b>	<b>\$ 533,382</b>	<b>\$ 446,928</b>	<b>\$ 3,389,990</b>
<b>Business Plan Prospective Projects <sup>(1)</sup></b>	<b>63,551</b>	<b>189,814</b>	<b>315,373</b>	<b>456,265</b>	<b>540,703</b>	<b>1,565,706</b>
<b>CIP Cashflow Adjustment Reserve <sup>(2)</sup></b>	<b>(141,920)</b>	<b>85,152</b>	<b>56,768</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Aviation CIP</b>	<b>\$ 717,598</b>	<b>\$ 1,250,783</b>	<b>\$ 1,010,037</b>	<b>\$ 989,647</b>	<b>\$ 987,631</b>	<b>\$ 4,955,696</b>

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Notes:

- 1) \$214.3K of Sustainable Airport Master Plan (SAMP) near-term planning project costs are included in 2024-2028 Committed Projects; \$175.0M of other SAMP planning and design costs are included in Business Plan Prospective Projects in 2024-2028.
- 2) Introduced in the 2020 Plan of Finance to reflect more achievable levels of capital spending.

**Committed Capital Projects:**

Baggage Recapitalization/Optimization: This project will replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity. The new outbound baggage system will accommodate 60 million annual passengers. The project will be completed in three phases, with the final phase projected to be substantially complete by June 2027.

SEA Gateway: Redevelop space at the north end of the Main Terminal Ticketing Level of the Airport to improve passenger processing, security screening throughput, and to elevate the overall passenger experience in these areas. This project is anticipated to be completed by the second quarter of 2026.

C Concourse Expansion: Construct four additional floors on top of the airport's existing C1 building to meet space needs for passenger restrooms, concessions, passenger lounges and other tenant offices. This project is anticipated to be completed by the third quarter of 2026.

Airfield Pavement Replacement: Annual replacement of aging airfield pavement and joint seals.

A Concourse Lounge Expansion: Delta Air Lines is sponsoring and managing a tenant reimbursable project to build a new structure at the end of Concourse A to support an expanded *Club @ SEA* and new *Delta Sky Club*. This project is anticipated to be completed by the end of 2024.

S Concourse Evolution: This project will renovate and modernize the South Concourse facility. Scope of work includes structural, HVAC, plumbing, electrical, fire suppression/life safety, building shell and communications systems replacement or upgrades as required; interior remodeling, and inclusion of passenger amenities. This project is anticipated to be completed by the end of 2031.

**Business Plan Prospective CIP:**

The Aviation Business Plan Prospective CIP is composed of project spending for Airfield, Landside, Terminal, Infrastructure, and other Aviation needs including \$175.0M for Sustainable Airport Master Plan (SAMP) planning and design.

Main Terminal Improvements Program: The primary focus of the Main Terminal Program is to address code compliance issues and renewal/replacement of critical systems in the Main Terminal.

Gate Modification: This will modify gate configuration that provides for widebody International and domestic arrival/departure aircraft functionality while maintaining the terminal pod connection to the sterile corridor system.

Small Capital Jobs 2024-2034: This is a new 10-year program for small capital jobs renewal on existing assets that are critical for supporting Aviation operations. This CIP will fund small jobs projects for the next 10 years (2024-2034).

Also included is a \$525.8M reserve for undesignated future spending and utility master plan spending, which allows for the addition of currently undefined new projects and identifies work required to maintain existing systems. Prospective projects are, by definition, not yet well scoped, so there is greater uncertainty with regards to timing and costs than with Committed projects. As scoping, design and bidding occurs, each project moves forward in steps to the Commission to request authorization. See Section IV Aviation, for a description of major existing and new projects.

**B. MARITIME DIVISION CAPITAL IMPROVEMENT PLAN**

**General:** The Maritime Division’s five-year CIP continues investments in waterfront facilities, infrastructure, and the environment.

Table IX-3 below summarizes the Maritime Division CIP from 2024-2028. The Maritime Division CIP is \$84.8M for 2024 and \$401.7M for 2024-2028.

**TABLE IX-3: MARITIME DIVISION CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u> <u>2024-2028</u>
<b>Committed Projects</b>						
Fishing and Operations	\$ 20,858	\$ 51,189	\$ 2,491	\$ 6,800	\$ 10,500	\$ 91,838
Cruise Operations	36,661	10,280	741	0	0	47,682
Maritime Portfolio Management	19,147	20,083	80	0	0	39,310
Maritime General	9,687	5,200	5,850	4,050	1,700	26,487
Environmental Services	975	5,449	2,679	1,514	0	10,617
Recreational Boating	3,645	4,640	1,541	0	0	9,826
Security	1,400	0	0	0	0	1,400
<b>Subtotal - Maritime Committed CIP</b>	<b>\$ 92,373</b>	<b>\$ 96,841</b>	<b>\$ 13,382</b>	<b>\$ 12,364</b>	<b>\$ 12,200</b>	<b>\$ 227,160</b>
<b>Business Plan Prospective Projects</b>	<b>16,652</b>	<b>34,951</b>	<b>36,671</b>	<b>29,574</b>	<b>56,689</b>	<b>174,537</b>
<b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b>	<b>(24,200)</b>	<b>14,520</b>	<b>9,680</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Maritime CIP</b>	<b>\$ 84,825</b>	<b>\$ 146,312</b>	<b>\$ 59,733</b>	<b>\$ 41,938</b>	<b>\$ 68,889</b>	<b>\$ 401,697</b>

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Note:

- 1) Introduced in the 2020 Plan of Finance to reflect more achievable levels of capital spending.

**Committed Capital Projects:**

Terminal 91 Berths 6 and 8 Redevelopment: Redevelopment of vessel pier moorings and adjoining apron areas of Berths 6 and 8 along the northeast side of Pier 90 to accommodate fishing and commercial vessels. Improvements include pile replacement, a new wharf structure, a new float system, bulkhead improvements, and office consolidation for operations, fishing, and industry customers. The new berths will be equipped with shore power for fishing and industrial vessels. This project is anticipated to be completed by the fourth quarter of 2025.

Pier 66 Shore Power/Waterfront Electrification: This project will create a shore power system for the single cruise ship berth at Pier 66 to provide clean electricity to ships at the dock and help sustainably grow the cruise industry in Seattle. This project is anticipated to be in use by the second quarter of 2024.

Fishermen’s Terminal Maritime Innovation Center: This project will update and convert the existing Seattle Ship Supply building into a new Maritime Innovation Center, with advanced sustainability and resiliency features, in support of the Port’s small business incubator program. The Maritime Innovation Center will serve as a focal point for maritime innovation and entrepreneurship and support workforce development and maritime career exploration. It will include approximately 15,000 total square feet of working space for incubators, accelerators, and anchor tenants along with fabrication and reservable spaces for meetings, seminars, and classes. This project is anticipated to be completed by the fourth quarter of 2025.

**Other Committed Capital Projects:**

Terminal 91 New Cruise Gangways: This project will fabricate and install a new gangway to support larger cruise vessels at the Smith Cove Cruise Terminal.

Pier 66 Fender Overhaul: This project will replace all fender panels, energy absorbers, and rehabilitate supporting structures.

Committed capital projects also includes replacement/preservation of docks and moorage, facility improvements, fleet replacement, and small capital (under \$300,000) projects.

**Business Plan Prospective CIP:**

Significant projects include:

Fishermen's Terminal Northwest Dock Improvements: This project will replace and upgrade piers and fenders on the northwest dock and adjoining finger piers. Several existing timber piers will be replaced with concrete/steel structures.

Terminal 91 Dock Rehabilitation: Pile cap and deck panel refurbishment at Pier 90 and Pier 91.

Waterfront Clean Energy Strategy: Capital reserves related to the Seattle Waterfront Clean Energy Strategy (SWCES), a collaboration between the Port of Seattle, Northwest Seaport Alliance (NWSA) and Seattle City Light (SCL) to adopt a joint strategy to eliminate emissions from Seattle's working waterfront.

Sustainable Evaluation Framework Reserve: Capital reserves related to the Port's environmental and sustainability goals.

Maritime Climate and Air Action Plan Phase I: Provides funding for projects to address carbon emissions and air pollution from maritime sources. This funding supports the implementation of the 2020 Northwest Ports Clean Air Strategy to phase out emissions from seaport-related sources by 2050.

Also included is a CIP reserve for unknown or undefined future projects.

**C. ECONOMIC DEVELOPMENT DIVISION CAPITAL IMPROVEMENT PLAN**

**General:** Projects in the Economic Development Division’s five-year CIP are primarily associated with new development of industrial property and preservation of existing assets. Also included is an investment in tenant improvements related to the releasing of space expected to become vacant as existing leases expire.

Table IX-4 below summarizes the Economic Development Division CIP from 2024-2028. The Economic Development Division CIP is \$20.5M for 2024 and \$177.3M for 2024-2028.

**TABLE IX-4: ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<b>Total</b>
						<b>2024-2028</b>
<b>Committed Projects</b>						
Development and Planning	\$ 19,759	\$ 55,901	\$ 4,005	\$ 0	\$ 0	\$ 79,665
Portfolio Management	383	304	519	2,785	4,461	8,452
General Economic Development	2,824	1,277	1,250	750	750	6,851
<b>Subtotal - EDD Committed CIP</b>	<b>\$ 22,966</b>	<b>\$ 57,482</b>	<b>\$ 5,774</b>	<b>\$ 3,535</b>	<b>\$ 5,211</b>	<b>\$ 94,968</b>
<b>Business Plan Prospective Projects</b>	<b>6,259</b>	<b>28,720</b>	<b>25,980</b>	<b>16,181</b>	<b>5,187</b>	<b>82,327</b>
<b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b>	<b>(8,724)</b>	<b>5,234</b>	<b>3,490</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total EDD CIP</b>	<b>\$ 20,501</b>	<b>\$ 91,436</b>	<b>\$ 35,244</b>	<b>\$ 19,716</b>	<b>\$ 10,398</b>	<b>\$ 177,295</b>

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Note:

- 1) Introduced in the 2020 Plan of Finance to reflect more achievable levels of capital spending.

**Committed Capital Projects:**

Terminal 91 Uplands Development: This initial development will construct 120,000 square feet of industrial building space with minimal facility infrastructure improvements over approximately six acres of the site. The new facilities will support maritime industries. This project is anticipated to be completed by the second quarter of 2026. The second phase of development is under evaluation as the first phase moves forward; the second phase is not yet included in the CIP.

Pier 66 Retail HVAC Systems Upgrade: This project replaces the south retail building’s HVAC system that is at the end of its service life.

Other Committed projects include under-dock utility replacement at Pier 69, capitalized tenant improvements, fleet replacement, technology, and other small projects.

**Business Plan Prospective CIP:**

The Economic Development Division Prospective CIP is a combination of revenue/capacity growth, renewal/enhancement, environmental, and safety projects. The CIP includes Terminal 91 Uplands redevelopment utility infrastructure and several renewal/enhancement projects at Pier 69, including roof work, dock rehabilitation, elevator control modernization, and HVAC replacement, as well as technology improvements. Also included is a general CIP reserve to allow for projects that cannot be determined with certainty as to location, timing, and cost.

**D. CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN**

The Central Services five-year CIP consists predominately of technology improvements and upgrades. Approximately half of the 2024 technology projects are refreshes of critical infrastructure and security enhancements required to maintain compliance with established industry standards and ensure availability of critical business systems. The remaining technology projects consist of new or upgraded business systems driven by business unit demands or are required to maintain system operations and on-going vendor support.

The remainder of the Central Services CIP consists of fleet replacement and small capital acquisition, which largely relate to the replacement of equipment and assets that are at or beyond the end of their useful lives. In 2024, the fleet projects will replace police patrol and other vehicles, and construction-related vehicles and equipment used by the Port Construction Services department. The remaining portion of the CIP is for engineering and surveying equipment and other small capital projects.

Table IX-5 below summarizes the Central Services CIP from 2024-2028. The Central Services CIP is \$17.9M for 2024 and \$60.4M for 2024-2028.

**TABLE IX-5: CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total 2024-2028</u>
<b>Committed Projects</b>						
ICT Business Services	\$ 15,468	\$ 7,862	\$ 3,250	\$ 3,250	\$ 3,250	\$ 33,080
General and Capital Development	840	389	240	395	325	2,189
<b>Subtotal - Central Services Committed CIP</b>	<b>\$ 16,308</b>	<b>\$ 8,251</b>	<b>\$ 3,490</b>	<b>\$ 3,645</b>	<b>\$ 3,575</b>	<b>\$ 35,269</b>
<b>Business Plan Prospective Projects</b>	<b>7,820</b>	<b>6,068</b>	<b>3,756</b>	<b>3,848</b>	<b>3,640</b>	<b>25,132</b>
<b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b>	<b>(6,200)</b>	<b>(2,000)</b>	<b>2,733</b>	<b>2,733</b>	<b>2,734</b>	<b>0</b>
<b>Total Central Services CIP</b>	<b>\$ 17,928</b>	<b>\$ 12,319</b>	<b>\$ 9,979</b>	<b>\$ 10,226</b>	<b>\$ 9,949</b>	<b>\$ 60,401</b>

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Note:

- 1) Introduced in the 2020 Plan of Finance to reflect more achievable levels of capital spending.

**E. OTHER PORT OF SEATTLE CIP**

The Port of Seattle CIP also includes North Harbor (Seattle) waterway channel deepening projects and other NWSA legacy projects. These projects are assumed to be 100% funded by the Port of Seattle, and thus are not included in the NWSA CIP to follow.

Additionally, the Port CIP includes projects for its Stormwater Utility, stormwater line work at Terminal 5, vehicle purchases, infrastructure retrofitting, asset renewal and replacement, and small capital acquisitions.

## **NORTHWEST SEAPORT ALLIANCE (NWSA) CAPITAL IMPROVEMENT PLAN**

The five-year NWSA CIP focuses on both strategic and maintenance projects, and invests in projects to increase the capacity, extend the life, or improve the safety or efficiency of NWSA-managed property and equipment.

Strategic investments include construction and gate improvements to the gate complex, container yard, intermodal yard and reefer demarcation associated with the modernization of Terminal 5, replacement of wooden light poles at several terminals in the South Harbor, shore power at Terminals 3 and 4, and shore power design at Terminal 18. Maintenance investments include replacement of fender systems at WUT and PCT Terminals in the South Harbor, replacement of waterlines and valves at Terminal 18, maintenance dredging, berth dredging and toe wall work at Husky and WUT Terminals, and maintenance and rehabilitation of assigned assets.

Each homeport assumes funding of 50% of the total NWSA CIP. Although funds for a project are included in the CIP, projects are not automatically authorized to proceed; The NWSA Managing Members review and approve each project individually. To efficiently allocate resources, the NWSA uses a capital project prioritization methodology which includes two categories for internal management; “Open” projects, which are on-going or ready to move forward and have customer commitment or a high degree of certainty, and “Estimate” projects, which are based on an identified business need or opportunity but have not been fully developed in scope and cost. Only Open projects are included in the budget.

The Port of Seattle’s 50% funding total of Open-status NWSA CIP is forecast to be \$72.3M for 2024 and \$210.4M for 2024-2028. Further information on the NWSA CIP can be found in Section XII The Northwest Seaport Alliance (NWSA).

### **TABLE IX-6: NWSA CAPITAL IMPROVEMENT PLAN**

The NWSA CIP will be presented to the Managing Members on October 26, 2023 and incorporated into the Port’s final budget.

**PUBLIC EXPENSE**

In addition to the Committed and Business Plan Prospective project categories, the Port may also invest in Public Expense projects. These are generally a collaboration with other local governments to provide funding without directly receiving an asset in return. Certain Public Expense costs are related to projects that would otherwise meet the criteria of a Committed or Business Plan Prospective capital project but are expensed (rather than capitalized) per accounting rules. Common examples of Port Public Expense projects include contributions toward improvements on non-Port properties, such as projects in support of regional transportation needs. Public Expense projects are often a required component of other Port Committed projects.

Table IX-7 below shows Public Expense projects by division from 2024-2028, which includes \$25.6M for 2024 and \$61.9M for 2024-2028.

**TABLE IX-7: PUBLIC EXPENSE PROJECTS**

(\$ in 000's)							
<b>Division</b>	<b>CIP Description</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total 2024 - 2028</b>
<b>Airport</b>	Flight Corridor Safety Program	\$ 463	\$ 2,995	\$ 3,081	\$ 1,405	\$ 0	\$ 7,944
	<b>Subtotal - Airport Public Expense Projects</b>	<b>\$ 463</b>	<b>\$ 2,995</b>	<b>\$ 3,081</b>	<b>\$ 1,405</b>	<b>\$ 0</b>	<b>\$ 7,944</b>
<b>Joint Venture</b>	Gateway SR 509 Program	15,000	-	-	15,000	-	30,000
	Seattle Heavy Haul Network	2,325	2,200	2,000	2,000	2,000	10,525
	West Seattle Bridge	3,000	-	-	-	-	3,000
	Gateway Park North	250	2,100	-	-	-	2,350
	Safe and Swift	1,582	720	-	-	-	2,302
	Fast Corridor II	-	-	799	-	-	799
	<b>Subtotal - Joint Venture Public Expense Projects</b>	<b>\$ 22,157</b>	<b>\$ 5,020</b>	<b>\$ 2,799</b>	<b>\$ 17,000</b>	<b>\$ 2,000</b>	<b>\$ 48,976</b>
<b>Maritime</b>	Pier 86 Dock Improvements	-	2,000	-	-	-	2,000
	Pier 66 Shore Power	3,000	-	-	-	-	3,000
	<b>Subtotal - Maritime Public Expense Projects</b>	<b>\$ 3,000</b>	<b>\$ 2,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,000</b>
	<b>Total Port Public Expense Projects</b>	<b>\$ 25,620</b>	<b>\$ 10,015</b>	<b>\$ 5,880</b>	<b>\$ 18,405</b>	<b>\$ 2,000</b>	<b>\$ 61,920</b>

The Port may also incur Public Expenses related to certain non-project expenditures, such as the Port’s annual \$1.4M payment to the City of SeaTac for safety enhancements. This payment is made pursuant to an interlocal agreement between the Port and City of SeaTac and is to be used for public safety and enforcement of traffic and parking standards. This payment is not project-related and is excluded from the table above.

**F. NON-RECURRING CIP IMPACT**

Table IX-8 below shows certain non-recurring capital projects and their corresponding impact on the operating budget.

At the airport, the C Concourse Expansion, SEA Gateway, Checked Baggage Optimization, and South Concourse Evolution projects account for \$2.1B of capital spending from 2024-2028 and a \$522K change in operating revenues as a result of additional (recovered) custodial and mechanical costs related to these projects. As the projects develop, the operating cost impact will be better determined. No material operating expenses are anticipated from 2024-2028.

For the Economic Development Division, the Terminal 91 Uplands Development (Phase I) of light-industrial buildings is expected to increase net operating income by over \$1.7M annually upon full project completion and stabilized occupancy. Other projects did not meet the criteria to be included in this table.

**TABLE IX-8: NON-RECURRING CAPITAL IMPROVEMENT PLAN IMPACT ON THE OPERATING BUDGET**

(\$ in 000's)	Notes	2024	2025	2026	2027	2028	Total 2024 - 2028
<b>Aviation Division:</b>							
<b>C Concourse Expansion</b>							
Capital Spending		\$ 109,662	\$ 181,494	\$ 29,914	\$ 5,502	\$ -	\$ 326,572
Change in Operating Revenues	1	-	-	-	42,481	44,003	86,484
Change in Operating Expenses		-	-	-	253	268	522
<b>SEA Gate way</b>							
Capital Spending		106,366	193,150	110,952	48,109	-	458,577
Change in Operating Revenues	1	-	-	32,809	39,662	42,871	115,343
Change in Operating Expenses		-	-	-	-	-	-
<b>South Concourse Evolution</b>							
Capital Spending		29,419	76,184	168,615	241,362	277,310	792,890
Change in Operating Revenues	1	-	-	-	-	-	-
Change in Operating Expenses		-	-	-	-	-	-
<b>Checked Baggage Optimization</b>							
Capital Spending		111,869	112,348	110,465	106,300	73,200	514,182
Change in Operating Revenues	1	16,333	36,288	44,276	54,666	62,611	214,175
Change in Operating Expenses		-	-	-	-	-	-
<b>Aviation Subtotal</b>							
Capital Spending		<b>\$ 357,315</b>	<b>\$ 563,176</b>	<b>\$ 419,946</b>	<b>\$ 401,274</b>	<b>\$ 350,510</b>	<b>\$2,092,221</b>
Change in Operating Revenues		<b>\$ 16,333</b>	<b>\$ 36,288</b>	<b>\$ 77,085</b>	<b>\$ 136,809</b>	<b>\$ 149,485</b>	<b>\$ 416,001</b>
Change in Operating Expenses		<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 253</b>	<b>\$ 268</b>	<b>\$ 522</b>
<b>Economic Development Division:</b>							
<b>Terminal 91 Uplands Dev. Phase I</b>							
Capital Spending		\$ 18,409	\$ 55,901	\$ 4,005	\$ 0	\$ 0	\$ 78,315
Change in Operating Revenues		-	-	-	901	1,855	2,757
Change in Operating Expenses		-	-	-	81	166	248
<b>Port-wide Total</b>							
Capital Spending		<b>\$ 375,724</b>	<b>\$ 619,077</b>	<b>\$ 423,951</b>	<b>\$ 401,274</b>	<b>\$ 350,510</b>	<b>\$2,170,536</b>
Change in Operating Revenues		<b>\$ 16,333</b>	<b>\$ 36,288</b>	<b>\$ 77,085</b>	<b>\$ 137,710</b>	<b>\$ 151,341</b>	<b>\$ 418,758</b>
Change in Operating Expenses		<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 335</b>	<b>\$ 435</b>	<b>\$ 769</b>

Table IX-8.xls

Note:

- 1) The estimated debt service for this project will be incorporated into the terminal rental cost recovery formula and thus increase revenues.

**The following reports provide detail of the projects included in the Port’s 2024-2028 Capital Improvement Plan (CIP):**

- The projects are organized by the two categories: *Committed* and *Business Plan Prospective*.
- Each project is assigned a number 1 - 6 based on its capital development progress status:
  - Committed.
    - 6 = Completed (may have final payment cashflows).
    - 5 = Construction authorized.
    - 4 = Design funding authorized.
    - 3 = Division level authorized.
  - Business Plan Prospective.
    - 2 = Business sponsor approved.
  - In addition, the Port may have “Other Prospective” projects (Status 1). These projects have been identified as potential future investments but are not included in the CIP.

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## Committed Projects

Selection
Start Year: <b>2023</b>
Business Unit: <b>(ALL)</b>
Project Status: <b>3-6</b>
Division: <b>(ALL)</b>
Sponsor: <b>(ALL)</b>
CIP Group: <b>(ALL)</b>



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
<b>Aviation Division</b>										
<b>Airfield</b>										
6	C801035	Remote Aircraft Deicing	0	0	0	0	0	0	9,207	9,065
<b>CIP Group: Aeronautical Facilities</b>			0	0	0	0	0	0	9,207	9,065
4	C801179	Building 161E Renovation	5,534	6,505	1,212	0	0	13,251	13,989	217
5	C801288	BLD 167A B Cargo Access	1,597	111	0	0	0	1,708	2,013	76
<b>CIP Group: Air Cargo</b>			7,131	6,616	1,212	0	0	14,959	16,002	294
5	C800335	GSE Electrical Chrg Stati	1,173	875	0	0	0	2,048	37,872	33,630
5	C800585	Wi-Fi Enhancement Project	4,141	1,973	1,126	0	0	7,240	18,982	10,603
5	C800838	Hardstand Equipment Purch	0	0	0	0	0	0	9,780	9,781
4	C801157	South188th Tunnel Lightin	20,687	8,407	0	0	0	29,094	34,474	3,459
5	C801171	Snow Storage Expansion	16,475	910	0	0	0	17,385	24,751	3,070
4	C801172	Water Reservoir Rehabilit	1,824	793	0	0	0	2,617	3,142	394
4	C801173	Tyee Pond Effluent Pipe R	1,479	555	0	0	0	2,034	2,545	440
5	C801185	Keys to Card Readers	789	1,543	347	0	0	2,679	2,899	59
5	C801187	Potable Water Box Replace	368	2,066	17	0	0	2,451	2,549	51
5	C801218	IAF Maintenance path fenc	0	0	0	0	0	0	724	723
5	C801227	Airfield Snow Equipment	6,143	0	0	0	0	6,143	11,621	5,477
5	C801228	AV Maintenance Lift Truck	0	0	0	0	0	0	800	0
4	C801333	N14WB and N15NB Common Us	8,250	337	0	0	0	8,587	9,400	95
<b>CIP Group: Airfield Miscellaneous</b>			61,329	17,459	1,490	0	0	80,278	159,539	67,780
6	C800483	AFLD Pvmnt Program 2016-2	0	0	0	0	0	0	24,120	24,120



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
5	C800930	2021-25 AFLD Pvmnt&Spprt	47,494	25,568	9,358	0	0	82,420	159,470	56,645
<b>CIP Group: Airfield Pavement</b>			47,494	25,568	9,358	0	0	82,420	183,590	80,765
5	C800650	Surface Area Management S	7,291	1,298	0	0	0	8,589	13,001	3,802
<b>CIP Group: Navigational Nav aids</b>			7,291	1,298	0	0	0	8,589	13,001	3,802
<b>Sub Total for: Airfield</b>			<b>123,245</b>	<b>50,941</b>	<b>12,060</b>	<b>0</b>	<b>0</b>	<b>186,246</b>	<b>381,339</b>	<b>161,705</b>
<b>Aviation Division Wide</b>										
4	C801359	PCS Facility Improvement	3,052	279	0	0	0	3,331	4,932	205
<b>CIP Group: Facilities</b>			3,052	279	0	0	0	3,331	4,932	205
5	C800066	AV/IT Small Capital Proje	0	0	0	0	0	0	10,335	10,317
5	C801212	AV IT Small Capital 2021-	1,400	1,400	433	0	0	3,233	7,000	1,624
<b>CIP Group: IT Projects</b>			1,400	1,400	433	0	0	3,233	17,335	11,941
4	C801256	2022 Eastside Firestation	2,263	12,189	8,973	0	0	23,425	25,000	634
<b>CIP Group: Miscellaneous</b>			2,263	12,189	8,973	0	0	23,425	25,000	634
<b>Sub Total for: Aviation Division Wide</b>			<b>6,715</b>	<b>13,868</b>	<b>9,406</b>	<b>0</b>	<b>0</b>	<b>29,989</b>	<b>47,267</b>	<b>12,779</b>
<b>Business Development</b>										
4	C800154	Tenant Reimbursement	425	525	466	0	0	1,416	6,709	4,175
<b>CIP Group: Bus. Development Miscellaneous</b>			425	525	466	0	0	1,416	6,709	4,175
5	C800846	Kiosk Program Expansion	0	0	0	0	0	0	1,215	783
5	C800886	Central Terminal Enhancem	0	0	0	0	0	0	3,789	2,371
4	C801111	CT-02_CB-04 Food Incub. K	4,099	422	0	0	0	4,521	5,499	370
5	C801281	ADR NSAT Kiosks	0	0	0	0	0	0	418	418



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
5	C801356	Planewear TRA	845	0	0	0	0	845	1,500	0
<b>CIP Group: Concessions</b>			4,944	422	0	0	0	5,366	12,421	3,941
5	C800655	IWS Segregation Meters (C	7	0	0	0	0	7	3,490	2,820
5	C800949	WSDOT Property Purchase	0	0	0	0	0	0	3,500	2,936
5	C800950	Cargo Buildings Improve	2,864	275	0	0	0	3,139	6,610	1,217
5	C801055	Main Terminal Space Conve	0	0	0	0	0	0	4,946	1,467
4	C801146	Delta ACC Relocation	465	0	0	0	0	465	5,000	769
<b>CIP Group: Properties</b>			3,336	275	0	0	0	3,611	23,546	9,208
<b>Sub Total for: Business Development</b>			<b>8,705</b>	<b>1,222</b>	<b>466</b>	<b>0</b>	<b>0</b>	<b>10,393</b>	<b>42,676</b>	<b>17,325</b>
<b>Infrastructure</b>										
5	C800762	Telecommunication Meet Me	8,878	7,435	727	0	0	17,040	21,361	2,255
4	C800935	Access Controls in Comm R	1,185	4,565	2,139	0	0	7,889	8,100	121
5	C801161	Communication Enhancement	5,861	3,846	0	0	0	9,707	10,965	668
<b>CIP Group: Communication Systems</b>			15,924	15,846	2,866	0	0	34,636	40,426	3,044
5	C800061	MT Low Voltage Sys Upgrad	26,000	26,000	25,500	6,861	0	84,361	113,628	17,270
5	C800699	Electric Utility SCADA	0	0	0	0	0	0	11,469	8,740
5	C800724	Concourse C New Power Cen	382	0	0	0	0	382	8,735	8,278
5	C800784	Emergency Generator Cont	0	0	0	0	0	0	2,502	2,180
5	C800826	Arc Flash Mitigation	0	0	0	0	0	0	5,303	4,255
4	C800901	Parking Garage Low Volt.	1,040	7,012	3,504	0	0	11,556	12,545	330
5	C800944	Building Controls Upgrade	5,689	330	0	0	0	6,019	9,783	2,331
4	C801240	Utility Meter Networking	860	6,590	12,094	12,768	3,075	35,387	35,526	93



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
4	C801280	Concourse Low Voltage Upg	2,815	10,113	12,976	760	0	26,664	28,348	773
<b>CIP Group: Electrical Infrastructure</b>			36,786	50,045	54,074	20,389	3,075	164,369	227,839	44,251
5	C102066	Art Pool	5,850	6,800	5,300	3,674	3,442	25,066	27,523	958
5	C800945	Terminal Solid Waste Impr	3,640	389	0	0	0	4,029	14,493	3,519
3	C801030	Compactor Capacity	793	2,221	185	0	0	3,199	3,528	173
<b>CIP Group: F&amp;I Miscellaneous Projects</b>			10,283	9,410	5,485	3,674	3,442	32,294	45,544	4,649
5	C801177	AF Utility Improvements	20,346	16,924	1,545	0	0	38,815	40,285	1,063
4	C801234	IWTP Enhancements	481	13,140	43,578	36,832	37,026	131,057	137,544	1,348
4	C801239	Sanitary Pipe Replacement	263	1,783	673	90	0	2,809	2,937	60
<b>CIP Group: Industrial Waste System</b>			21,090	31,847	45,796	36,922	37,026	172,681	180,766	2,471
5	C800924	AC4 Av/Maintenance Upgrad	86	0	0	0	0	86	3,675	2,976
<b>CIP Group: Maintenance Facilities</b>			86	0	0	0	0	86	3,675	2,976
5	C800798	SSAT Infrastructure HVAC	14	0	0	0	0	14	37,393	36,957
4	C800978	VFD Replacement II	712	6,130	2,805	638	0	10,285	10,491	76
5	C801149	Tempor Air Handler Concou	1,472	0	0	0	0	1,472	2,984	345
5	C801181	Chiller Panel Upgrades -	0	0	0	0	0	0	1,287	134
4	C801223	DA and Condensate Sys Upg	1,593	3,039	3,911	3,922	1,514	13,979	14,495	82
4	C801230	Boiler Room Upgrades	935	2,276	1,480	0	0	4,691	5,774	44
5	C801351	C60/C88 Software Upgrades	626	14	0	0	0	640	1,139	5
4	C801365	EF28 Emergency Feeder Cab	0	0	0	0	0	0	597	4
<b>CIP Group: Mechanical Infrastructure</b>			5,352	11,459	8,196	4,560	1,514	31,081	74,160	37,646



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
5	C800717	N. Terminals Utilities Up	0	0	0	0	0	0	20,994	20,271
5	C801036	Departure Drive Drainage	206	0	0	0	0	206	1,253	430
4	C801224	1947 Water Main - DBB	332	2,603	1,096	0	0	4,031	4,319	217
5	C801271	SSAT Water Tank Replace	4	0	0	0	0	4	1,224	1,112
<b>CIP Group: Water Infrastructure</b>			542	2,603	1,096	0	0	4,241	27,790	22,030
<b>Sub Total for: Infrastructure</b>			<b>90,063</b>	<b>121,210</b>	<b>117,513</b>	<b>65,545</b>	<b>45,057</b>	<b>439,388</b>	<b>600,200</b>	<b>117,069</b>
<b>Landside</b>										
5	C800957	NEPL Improvements	4,696	6,779	3,946	0	0	15,421	19,248	2,591
<b>CIP Group: Employee Parking</b>			4,696	6,779	3,946	0	0	15,421	19,248	2,591
5	C801128	3rd FL GT Booth Enhanceme	678	1,451	525	0	0	2,654	3,034	205
<b>CIP Group: Ground Transportation</b>			678	1,451	525	0	0	2,654	3,034	205
4	C801042	Landside Pavement Program	4,204	5,178	89	0	0	9,471	10,002	151
5	C801186	S 160th St Lot TNC Improv	4,583	1,240	0	0	0	5,823	6,793	807
<b>CIP Group: Landside Miscellaneous Project</b>			8,787	6,418	89	0	0	15,294	16,795	958
5	C800728	Parking System Replacemen	0	0	0	0	0	0	5,500	4,945
5	C800789	Parking Garage Elevators	4,775	5,208	2,997	0	0	12,980	22,924	7,913
5	C800870	Parking Revenue Infrastru	1,699	1,836	1	0	0	3,536	20,929	16,438
<b>CIP Group: Public Parking</b>			6,474	7,044	2,998	0	0	16,516	49,353	29,296
5	C800810	Rental Car Facility Bus P	0	0	0	0	0	0	4,403	3,415
5	C800975	RCF Camera Replacement	0	0	0	0	0	0	2,229	1,626
5	C800977	RCF Pavement Remediation	1,993	282	0	0	0	2,275	8,925	6,491



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			2024	2025	2026	2027	2028			
4	C801110	RCF Security Improvements	0	0	0	0	0	0	3,735	3,122
<b>CIP Group: Rental Cars</b>			1,993	282	0	0	0	2,275	19,292	14,653
5	C102162	Air Cargo Rd Safety Imp	0	0	0	0	0	0	8,258	7,657
5	C800866	Widen Arrivals Roadway	15,539	33,595	11,330	17,670	0	78,134	89,251	9,396
<b>CIP Group: Roadways</b>			15,539	33,595	11,330	17,670	0	78,134	97,509	17,054
<b>Sub Total for: Landside</b>			<b>38,167</b>	<b>55,569</b>	<b>18,888</b>	<b>17,670</b>	<b>0</b>	<b>130,294</b>	<b>205,231</b>	<b>64,758</b>
<b>NOISE Program</b>										
4	C200098	Places of Worship Sound I	5,137	14,778	4,459	0	0	24,374	25,870	284
<b>CIP Group: Miscellaneous Noise Projects</b>			5,137	14,778	4,459	0	0	24,374	25,870	284
5	C200096	Apartment Sound Insulatio	21,641	40,294	6,840	148	0	68,923	133,516	3,087
4	C200095	Condo Sound Insulation	0	0	0	0	0	0	6,831	6,329
5	C200094	Single Family Home Insula	2,918	2,313	1,394	1,185	0	7,810	16,892	8,456
<b>CIP Group: Residential Insulation</b>			24,559	42,607	8,234	1,333	0	76,733	157,239	17,872
5	C200007	Highline School Insulatio	1,016	0	2,374	0	0	3,390	101,800	85,394
<b>CIP Group: School Insulation</b>			1,016	0	2,374	0	0	3,390	101,800	85,394
<b>Sub Total for: NOISE Program</b>			<b>30,712</b>	<b>57,385</b>	<b>15,067</b>	<b>1,333</b>	<b>0</b>	<b>104,497</b>	<b>284,909</b>	<b>103,550</b>
<b>Security</b>										
5	C800844	Perimeter Intrusion Detec	4,784	3,202	0	0	0	7,986	33,969	6,228
5	C800862	Terminal Security Enhance	1,490	0	0	0	0	1,490	21,207	15,266
5	C800876	INTERIM WESTSIDE FIRESTAT	0	0	0	0	0	0	10,264	9,576
5	C800920	ASL Conversion at Checkpo	0	0	0	0	0	0	5,238	4,733
5	C800934	Employee Services Center	88	0	0	0	0	88	10,610	10,115



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
5	C801093	Checkpoint 1 Relocation	15,290	8,464	0	0	0	23,754	35,099	4,175
5	C801119	Load Dock Employee Screen	741	24	0	0	0	765	1,701	491
5	C801153	FES Relocation - North ST	0	0	0	0	0	0	1,381	1,107
5	C801159	Exit Breach Cntrl Replace	0	0	0	0	0	0	4,109	2,851
5	C801237	Secured Area Vehicle Chec	1,766	0	0	0	0	1,766	4,654	580
5	C801328	Fire Alerting System Repl	242	0	0	0	0	242	710	8
3	C801363	PAGE (Perimeter Access &	2,597	424	0	0	0	3,021	3,256	33
<b>CIP Group: Security Projects</b>			26,998	12,114	0	0	0	39,112	132,198	55,164
<b>Sub Total for: Security</b>			<b>26,998</b>	<b>12,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39,112</b>	<b>132,198</b>	<b>55,164</b>
<b>Sustainable Airport Master PI</b>										
5	C801109	SAMP Near Term Planning	214	0	0	0	0	214	9,999	7,631
<b>CIP Group: SAMP Near Term Projects</b>			214	0	0	0	0	214	9,999	7,631
<b>Sub Total for: Sustainable Airport Master PI</b>			<b>214</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>214</b>	<b>9,999</b>	<b>7,631</b>
<b>Terminal and Tenants</b>										
5	C800612	Checked Bag Recap/Optimiz	111,869	112,348	110,465	106,300	73,200	514,182	954,134	379,581
4	C801127	Baggage Claim 15&16 Repla	4,988	5,632	2,290	0	0	12,910	14,375	516
<b>CIP Group: Baggage Systems</b>			116,857	117,980	112,755	106,300	73,200	527,092	968,509	380,097
5	C800841	Tenant Network DMARC Upgr	0	0	0	0	0	0	2,727	1,998
<b>CIP Group: Communication Systems</b>			0	0	0	0	0	0	2,727	1,998
5	C800779	Safedock Upgrade & Expans	0	0	0	0	0	0	15,471	13,160
<b>CIP Group: Gates</b>			0	0	0	0	0	0	15,471	13,160



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
5	C800556	NS NSAT Renov NSTS Lobbie	200	0	0	0	0	200	670,879	652,752
5	C800638	Concessions Infrastructur	0	0	0	0	0	0	7,888	7,077
5	C800697	Restroom Upgrades Conc B,	13,218	4,141	2,917	0	0	20,276	61,653	34,617
6	C800898	Airport Signage Phase 1	0	0	0	0	0	0	1,876	1,878
5	C800959	Seating Repl. and Elec. I	416	0	0	0	0	416	8,723	3,238
<b>CIP Group: Interior Improvements</b>			13,834	4,141	2,917	0	0	20,892	751,019	699,561
5	C800793	PLB Renew & Replace Phase	0	0	0	0	0	0	11,905	10,641
5	C801160	A12A Jet Bridge	996	0	0	0	0	996	11,061	5,362
5	C801180	PLB Renew and Replacement	5,171	1,253	0	0	0	6,424	14,399	6,261
<b>CIP Group: Loading Bridges</b>			6,167	1,253	0	0	0	7,420	37,365	22,264
5	C801043	Upgrades STS Train Contro	16,133	9,158	10,374	9,984	485	46,134	75,258	16,188
<b>CIP Group: STS</b>			16,133	9,158	10,374	9,984	485	46,134	75,258	16,188
5	C800583	International Arrivals Fa	4,809	5,998	0	0	0	10,807	957,188	930,836
5	C800845	C Concourse Expansion	109,662	181,494	29,914	5,502	0	326,572	392,220	41,439
5	C801118	Zone 2 Common Use Convers	156	0	0	0	0	156	1,879	801
5	C801158	Post IAF Airline Realignm	12,894	18,266	21,542	9,125	0	61,827	69,000	4,368
5	C801184	Smart Restrooms	0	0	0	0	0	0	1,297	149
5	C801188	PAX Flow Measurements	519	0	0	0	0	519	630	30
4	C801203	S Concourse Evolution	29,419	76,184	168,615	241,362	277,310	792,890	1,370,001	3,372
5	C801205	Concourse A Lounge Expans	47,748	35,101	0	0	0	82,849	125,774	21,424
4	C801207	Port Shared-Lounge Conc A	4,319	15,609	2,090	0	0	22,018	23,952	1,428
5	C801233	Inform RMS Upgrade	368	0	0	0	0	368	1,300	411



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
3	C801265	Conc HVAC renewal & repla	1,897	5,174	5,337	28,452	50,876	91,736	255,002	97
5	C801357	SEA Load Dock Access Cont	0	0	0	0	0	0	540	338
<b>CIP Group: Terminal Facilities</b>			<b>211,791</b>	<b>337,826</b>	<b>227,498</b>	<b>284,441</b>	<b>328,186</b>	<b>1,389,742</b>	<b>3,198,783</b>	<b>1,004,693</b>
5	C801204	North MT Redevelopment	106,366	193,150	110,952	48,109	0	458,577	541,000	43,161
5	C801272	SEA Virtual Queue	0	0	0	0	0	0	1,200	247
<b>CIP Group: Ticketing Strategy</b>			<b>106,366</b>	<b>193,150</b>	<b>110,952</b>	<b>48,109</b>	<b>0</b>	<b>458,577</b>	<b>542,200</b>	<b>43,408</b>
<b>Sub Total for: Terminal and Tenants</b>			<b>471,148</b>	<b>663,508</b>	<b>464,496</b>	<b>448,834</b>	<b>401,871</b>	<b>2,449,857</b>	<b>5,591,332</b>	<b>2,181,369</b>
<b>Third Runway</b>										
5	C801156	Miller Creek Culvert Repl	0	0	0	0	0	0	800	0
<b>CIP Group: Third Runway</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>0</b>
<b>Sub Total for: Third Runway</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>0</b>
<b>SubTotal for: Aviation Division</b>			<b>795,967</b>	<b>975,817</b>	<b>637,896</b>	<b>533,382</b>	<b>446,928</b>	<b>3,389,990</b>	<b>7,295,951</b>	<b>2,721,349</b>
<b>Corporate P&amp;TS</b>										
<b>Corporate P&amp;TS Capital Project</b>										
5	C800009	Infrastructure - Small Ca	1,500	1,500	1,500	1,500	1,500	7,500	39,232	22,933
5	C800012	Services Technology Small	1,500	1,500	1,500	1,500	1,500	7,500	29,143	12,899
3	C800016	Enterprise GIS - Small Ca	250	250	250	250	250	1,250	4,371	1,872
5	C801015	New Budget System	0	0	0	0	0	0	452	452
5	C801063	Office Wi-Fi Refresh	1,000	0	0	0	0	1,000	2,500	740
4	C801083	Phone System Upgrade	0	0	0	0	0	0	1,900	1,504
5	C801108	Customer Relationship Mgm	0	0	0	0	0	0	1,152	1,152
5	C801136	Environmental Management	95	0	0	0	0	95	415	70
5	C801166	Energy Management System	440	0	0	0	0	440	890	10



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
4	C801201	ID Badge System Upgrade	2,550	2,387	0	0	0	4,937	5,000	9
4	C801258	Conference Room Communica	0	0	0	0	0	0	510	415
4	C801259	Public Safety Dispatch &	1,720	0	0	0	0	1,720	2,500	81
5	C801262	Enterprise Network Refres	2,600	1,625	0	0	0	4,225	5,700	20
4	C801263	Radio Microwave Redund. L	1,973	0	0	0	0	1,973	2,500	7
4	C801342	Storage Area Network Refr	0	0	0	0	0	0	750	479
3	C801345	Phys Access Contrl Syst R	1,100	600	0	0	0	1,700	2,000	0
4	C801364	GIS ESRI Refresh	740	0	0	0	0	740	990	0
<b>CIP Group: Information Technology</b>			<b>15,468</b>	<b>7,862</b>	<b>3,250</b>	<b>3,250</b>	<b>3,250</b>	<b>33,080</b>	<b>100,005</b>	<b>42,642</b>
6	C800450	CDD Fleet Replacement	0	0	0	0	0	0	4,163	4,129
3	C800453	Engineering Small Cap	50	289	140	195	125	799	3,922	2,080
6	C800458	Corporate Fleet Replaceme	0	0	0	0	0	0	3,631	3,632
6	C801260	2022 Bomb Disposal Robot	0	0	0	0	0	0	359	359
3	C801278	Engineering/PCS Fleet 202	690	0	0	0	0	690	1,040	0
3	C801279	Corporate Fleet 2022	0	0	0	0	0	0	545	220
<b>CIP Group: Other Corporate Capital Projec</b>			<b>740</b>	<b>289</b>	<b>140</b>	<b>195</b>	<b>125</b>	<b>1,489</b>	<b>13,660</b>	<b>10,420</b>
5	C800051	Small Capital Acquisition	100	100	100	200	200	700	3,679	1,829
<b>CIP Group: Small Capital Acquisition</b>			<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>	<b>200</b>	<b>700</b>	<b>3,679</b>	<b>1,829</b>
<b>Sub Total for: Corporate P&amp;TS Capital Project</b>			<b>16,308</b>	<b>8,251</b>	<b>3,490</b>	<b>3,645</b>	<b>3,575</b>	<b>35,269</b>	<b>117,344</b>	<b>54,892</b>
<b>SubTotal for: Corporate P&amp;TS</b>			<b>16,308</b>	<b>8,251</b>	<b>3,490</b>	<b>3,645</b>	<b>3,575</b>	<b>35,269</b>	<b>117,344</b>	<b>54,892</b>

Economic Development Division  
Development & Planning



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
4	C800158	T91 Uplands Dev Phase I	18,409	55,901	4,005	0	0	78,315	82,471	2,536
4	C801192	T91 Ped Path and Bike Bri	1,350	0	0	0	0	1,350	1,495	10
<b>CIP Group: Real Estate Development</b>			19,759	55,901	4,005	0	0	79,665	83,966	2,546
<b>Sub Total for: Development &amp; Planning</b>			<b>19,759</b>	<b>55,901</b>	<b>4,005</b>	<b>0</b>	<b>0</b>	<b>79,665</b>	<b>83,966</b>	<b>2,546</b>
<b>General Economic Development</b>										
3	C800990	EDD Fleet 2021	0	0	0	0	0	0	0	0
3	C801151	EDD: 2021 Small Projects	0	0	0	0	0	0	394	394
3	C801214	EDD Fleet 2022	0	0	0	0	0	0	0	0
3	C801216	EDD 2022 Small Projects	0	0	0	0	0	0	256	101
3	C801285	EDD Small Projects 2023	50	0	0	0	0	50	60	0
3	C801361	EDD Small Projects 2024	470	0	0	0	0	470	470	0
3	C801400	EDD Small Projects 2025+	0	500	500	500	500	2,000	5,000	0
<b>CIP Group: ED Small Projects</b>			520	500	500	500	500	2,520	6,180	495
3	C800244	EDD Technology Projects	250	250	250	250	250	1,250	3,151	152
3	C801065	P69 Computer Room CRAC Re	529	0	0	0	0	529	618	9
5	C801102	P69 Underdock Utility Rpl	600	0	0	0	0	600	4,466	3,356
3	C801112	P69 Public Video Wall	725	27	0	0	0	752	855	3
3	C801162	P69 Small Cap (SPMG)	0	0	0	0	0	0	115	116
3	C801387	EDD Waterfront LED Lighti	200	500	500	0	0	1,200	1,700	0
<b>CIP Group: General ECON DEV - Other</b>			2,304	777	750	250	250	4,331	10,905	3,636
<b>Sub Total for: General Economic Development</b>			<b>2,824</b>	<b>1,277</b>	<b>1,250</b>	<b>750</b>	<b>750</b>	<b>6,851</b>	<b>17,085</b>	<b>4,131</b>
<b>Portfolio Management</b>										
5	C800199	WTC HVAC Replacement	0	0	0	0	0	0	3,921	3,910



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
5	C801016	CW Bridge Elev Modernizat	0	0	0	0	0	0	3,467	3,212
<b>CIP Group: Central Waterfront</b>			0	0	0	0	0	0	7,388	7,122
6	C800889	P66 BHICC Interior Modern	0	0	0	0	0	0	10,526	10,524
<b>CIP Group: Conf &amp; Event Centers BHICC</b>			0	0	0	0	0	0	10,526	10,524
6	C801103	P66 Roof Upgrades	0	0	0	0	0	0	1,852	1,632
5	C801104	WTCW Roof Replacement	83	0	0	0	0	83	2,430	1,317
3	C801220	P66 Retail HVAC Upgrade	0	4	219	2,485	4,161	6,869	6,928	59
<b>CIP Group: Portfolio Mgmt Other</b>			83	4	219	2,485	4,161	6,952	11,210	3,008
3	C800126	EDD Tenant Improvements	300	300	300	300	300	1,500	6,365	2,864
<b>CIP Group: Tenant Improvements</b>			300	300	300	300	300	1,500	6,365	2,864
<b>Sub Total for: Portfolio Management</b>			<b>383</b>	<b>304</b>	<b>519</b>	<b>2,785</b>	<b>4,461</b>	<b>8,452</b>	<b>35,489</b>	<b>23,519</b>
<b>SubTotal for: Economic Development Division</b>			<b>22,966</b>	<b>57,482</b>	<b>5,774</b>	<b>3,535</b>	<b>5,211</b>	<b>94,968</b>	<b>136,540</b>	<b>30,196</b>
<b>Maritime Division</b>										
<b>Cruise Operations</b>										
5	C800120	P66 Shore Power	27,752	1,560	0	0	0	29,312	41,000	3,859
5	C800129	T91 New Cruise Gangway	3,040	5,786	0	0	0	8,826	9,000	95
4	C800517	P66 Wave Break Cathodic P	230	677	741	0	0	1,648	1,750	14
3	C800613	Cruise Cap Allow - CTA Le	200	0	0	0	0	200	777	377
3	C800614	Cruise per Passenger Allo	65	0	0	0	0	65	105	0
5	C800674	P66 Fender Replacement	2,382	1,839	0	0	0	4,221	7,616	413
6	C801190	Cruise Upgrades COVID19	0	0	0	0	0	0	0	0
4	C801293	T91 Cruise Shore Pwr Exte	2,992	418	0	0	0	3,410	4,000	0



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			2024	2025	2026	2027	2028			
<b>CIP Group: Cruise</b>			36,661	10,280	741	0	0	47,682	64,248	4,758
<b>Sub Total for: Cruise Operations</b>			<b>36,661</b>	<b>10,280</b>	<b>741</b>	<b>0</b>	<b>0</b>	<b>47,682</b>	<b>64,248</b>	<b>4,758</b>
<b>Environmental Services</b>										
5	C800995	T117 Restoration	140	0	0	0	0	140	20,090	17,744
3	C801246	Shoreline Habitat Improve	165	940	965	0	0	2,070	2,100	0
3	C801247	MD Waterfront LED Lightin	200	500	200	0	0	900	1,300	0
3	C801248	Waterfront EV Infrastruct	230	1,514	1,514	1,514	0	4,772	4,817	0
3	C801297	T91 LED Lighting Upgrade	240	2,495	0	0	0	2,735	2,760	0
<b>CIP Group: Environmental</b>			975	5,449	2,679	1,514	0	10,617	31,067	17,744
<b>Sub Total for: Environmental Services</b>			<b>975</b>	<b>5,449</b>	<b>2,679</b>	<b>1,514</b>	<b>0</b>	<b>10,617</b>	<b>31,067</b>	<b>17,744</b>
<b>Fishing and Operations</b>										
3	C800999	Harbor Mooring Dolphins	0	40	120	6,800	10,500	17,460	17,973	0
4	C801300	T46 Substation 1 Repl POS	1,049	149	0	0	0	1,198	1,557	213
<b>CIP Group: Maritime Operations - Other</b>			1,049	189	120	6,800	10,500	18,658	19,530	213
5	C102475	T91 Berth 6 & 8 Redev	19,223	51,000	2,371	0	0	72,594	75,600	2,633
5	C801097	T91 Northwest Fender	0	0	0	0	0	0	5,916	5,866
4	C801243	T91 Domestic Water Lines	586	0	0	0	0	586	850	185
<b>CIP Group: Maritime Operations - T91</b>			19,809	51,000	2,371	0	0	73,180	82,366	8,683
<b>Sub Total for: Fishing and Operations</b>			<b>20,858</b>	<b>51,189</b>	<b>2,491</b>	<b>6,800</b>	<b>10,500</b>	<b>91,838</b>	<b>101,896</b>	<b>8,896</b>
<b>Maritime General</b>										
6	C800729	Marina Mgt Sys Replacemen	0	0	0	0	0	0	761	761
3	C801073	MD Tenant Improvements -	250	250	250	250	250	1,250	2,750	0



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			2024	2025	2026	2027	2028			
3	C801074	JBP Pier Replacement	0	0	0	0	0	0	-2	0
5	C801249	T86 Lift Station Replacem	1,375	0	0	0	0	1,375	1,710	215
5	C801250	Catch Basin Cleaner	650	0	0	0	0	650	650	0
5	C801251	Commercial Sweeper	425	0	0	0	0	425	425	0
<b>CIP Group: Maritime General Other</b>			<b>2,700</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>3,700</b>	<b>6,294</b>	<b>977</b>
3	C102395	Maritime Technology Proje	250	250	250	250	250	1,250	6,067	3,029
3	C800816	MD: 2016 Small Projects	0	0	0	0	0	0	1,308	1,309
3	C801003	MD: 2018 Small Projects	0	0	0	0	0	0	1,342	1,321
3	C801086	MD Fleet 2020	251	280	0	0	0	531	996	466
3	C801088	MD: 2020 Small Projects	0	0	0	0	0	0	1,549	1,434
3	C801090	MD Fleet 2019	0	0	0	0	0	0	1,639	1,640
3	C801091	MD Fleet 2021	790	0	0	0	0	790	2,504	1,340
3	C801152	MD: 2021 Small Projects	0	0	0	0	0	0	287	197
3	C801215	MD Fleet 2022	865	550	0	0	0	1,415	1,712	142
3	C801217	MD Small Projects 2022	844	0	0	0	0	844	2,054	706
3	C801284	MD Fleet 2023	967	275	0	0	0	1,242	2,050	462
3	C801286	MD Small Projects 2025+	0	500	500	500	500	2,000	5,000	0
3	C801353	MD Small Projects 2023	1,390	0	0	0	0	1,390	1,765	13
3	C801388	MD Fleet 2024	1,630	2,125	1,000	0	0	4,755	4,755	0
3	C801389	MD Fleet 2025 +	0	970	3,850	3,050	700	8,570	16,330	0
<b>CIP Group: Maritime Small Projects</b>			<b>6,987</b>	<b>4,950</b>	<b>5,600</b>	<b>3,800</b>	<b>1,450</b>	<b>22,787</b>	<b>49,358</b>	<b>12,058</b>
<b>Sub Total for: Maritime General</b>			<b>9,687</b>	<b>5,200</b>	<b>5,850</b>	<b>4,050</b>	<b>1,700</b>	<b>26,487</b>	<b>55,652</b>	<b>13,035</b>



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			2024	2025	2026	2027	2028			
<b>Maritime Portfolio Management</b>										
5	C801084	FT Maritime Innovation Ce	14,789	10,906	0	0	0	25,695	29,320	2,610
3	C801096	FT C15 Bldg Misc Improv	1,410	1,346	80	0	0	2,836	2,881	0
5	C801198	FT ADA Compliance Project	93	0	0	0	0	93	1,750	1,473
4	C801211	FT Site Improvements	920	935	0	0	0	1,855	3,141	989
<b>CIP Group: Fishermens Terminal - Land</b>			17,212	13,187	80	0	0	30,479	37,092	5,072
4	C801163	P90 East Timber Pile Caps	524	796	0	0	0	1,320	1,454	109
4	C801291	T106 Bldg 2 Roof Replace	0	0	0	0	0	0	802	82
4	C801331	T106 CPB Facility POS	1,000	0	0	0	0	1,000	1,000	0
<b>CIP Group: Maritime Industrial Facilities</b>			1,524	796	0	0	0	2,320	3,256	190
4	C801241	MIC Electrical Replacemen	411	6,100	0	0	0	6,511	7,179	269
<b>CIP Group: Maritime Industrl Cntr - Land</b>			411	6,100	0	0	0	6,511	7,179	269
<b>Sub Total for: Maritime Portfolio Management</b>			19,147	20,083	80	0	0	39,310	47,527	5,531
<b>Recreational Boating</b>										
4	C800539	BHM Pile Wrap & Cathodic	320	1,122	1,141	0	0	2,583	2,750	77
<b>CIP Group: Bell Harbor Marina</b>			320	1,122	1,141	0	0	2,583	2,750	77
5	C800678	HIM Dock-E Improvements	2,350	1,893	0	0	0	4,243	5,350	781
<b>CIP Group: Harbor Island Marina</b>			2,350	1,893	0	0	0	4,243	5,350	781
5	C800355	SBM Paving	0	0	0	0	0	0	2,074	2,075
5	C800570	SBM Dock X Pier Replaceme	575	675	0	0	0	1,250	1,650	376
3	C801257	SBM Office Reconfiguratio	400	950	400	0	0	1,750	1,800	0



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			2024	2025	2026	2027	2028			
<b>CIP Group: Shilshole Bay Marina - Water</b>			975	1,625	400	0	0	3,000	5,524	2,451
<b>Sub Total for: Recreational Boating</b>			<b>3,645</b>	<b>4,640</b>	<b>1,541</b>	<b>0</b>	<b>0</b>	<b>9,826</b>	<b>13,624</b>	<b>3,309</b>
<b>Security</b>										
3	C801020	Maritime Video Camera Pro	1,400	0	0	0	0	1,400	3,209	108
<b>CIP Group: Maritime Security</b>			1,400	0	0	0	0	1,400	3,209	108
<b>Sub Total for: Security</b>			<b>1,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,400</b>	<b>3,209</b>	<b>108</b>
<b>SubTotal for: Maritime Division</b>			<b>92,373</b>	<b>96,841</b>	<b>13,382</b>	<b>12,364</b>	<b>12,200</b>	<b>227,160</b>	<b>317,223</b>	<b>53,381</b>
<b>NWSA Joint Venture</b>										
<b>Joint Venture General</b>										
3	C800885	JV Small Projects	53	0	0	0	0	53	239	111
<b>CIP Group: JV Small Projects</b>			53	0	0	0	0	53	239	111
<b>Sub Total for: Joint Venture General</b>			<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>239</b>	<b>111</b>
<b>Lease &amp; Asset Management</b>										
4	C800593	West Waterway Deepening	900	230	40	13,500	12,963	27,633	28,000	69
<b>CIP Group: Dredging</b>			900	230	40	13,500	12,963	27,633	28,000	69
4	C801155	T-30 Bulkhead Stabilizati	0	0	0	0	0	0	664	665
<b>CIP Group: Terminal 30</b>			0	0	0	0	0	0	664	665
5	C800563	T46 Viaduct Driven Capita	0	0	0	0	0	0	280	232
4	C800620	T46 Pub Acc Mitigation at	0	0	0	0	0	0	1,818	1,821
<b>CIP Group: Terminal 46</b>			0	0	0	0	0	0	2,098	2,053
6	C801107	T5 Pile Remove Net Tie-Of	0	0	0	0	0	0	281	280
<b>CIP Group: Terminal 5</b>			0	0	0	0	0	0	281	280



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
<b>Sub Total for: Lease &amp; Asset Management</b>			<b>900</b>	<b>230</b>	<b>40</b>	<b>13,500</b>	<b>12,963</b>	<b>27,633</b>	<b>31,043</b>	<b>3,067</b>
<b>SubTotal for: NWSA Joint Venture</b>			<b>953</b>	<b>230</b>	<b>40</b>	<b>13,500</b>	<b>12,963</b>	<b>27,686</b>	<b>31,282</b>	<b>3,178</b>
<b>Stormwater Utility</b>										
<b>SWU General</b>										
6	C800895	T18 SW outfall upgrade	0	0	0	0	0	0	2,561	2,561
6	C800991	PW Stormwater Sys Renewal	0	0	0	0	0	0	342	341
<b>CIP Group: SWU Large Capital</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,903</b>	<b>2,902</b>
3	C800837	SWU Small Capital	500	250	275	300	325	1,650	4,025	1,711
<b>CIP Group: SWU Small Projects</b>			<b>500</b>	<b>250</b>	<b>275</b>	<b>300</b>	<b>325</b>	<b>1,650</b>	<b>4,025</b>	<b>1,711</b>
<b>Sub Total for: SWU General</b>			<b>500</b>	<b>250</b>	<b>275</b>	<b>300</b>	<b>325</b>	<b>1,650</b>	<b>6,928</b>	<b>4,612</b>
<b>SubTotal for: Stormwater Utility</b>			<b>500</b>	<b>250</b>	<b>275</b>	<b>300</b>	<b>325</b>	<b>1,650</b>	<b>6,928</b>	<b>4,612</b>
<b>Grand Total:</b>			<b>929,067</b>	<b>1,138,871</b>	<b>660,857</b>	<b>566,726</b>	<b>481,202</b>	<b>3,776,723</b>	<b>7,905,268</b>	<b>2,867,607</b>

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## Business Plan Prospective Projects

Selection
Start Year: <b>2023</b>
Business Unit: <b>(ALL)</b>
Project Status: <b>2-2</b>
Division: <b>(ALL)</b>
Sponsor: <b>(ALL)</b>
CIP Group: <b>(ALL)</b>



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
<b>Aviation Division</b>										
<b>Airfield</b>										
2	C801304	Cargo 161D, 165A, and 161	1,072	1,819	4,447	6,123	2,572	16,033	78,214	0
<b>CIP Group: Air Cargo</b>			1,072	1,819	4,447	6,123	2,572	16,033	78,214	0
2	C801302	Airfield Infra & Security	3,056	12,098	62,153	65,743	51,652	194,702	199,500	0
2	C801303	Taxiway A Circuit Replace	5,324	25,355	8,745	0	0	39,424	39,500	0
2	C801375	Gate A6 Widebody Remediat	1,900	9,000	22,000	45,000	33,000	110,900	115,000	0
<b>CIP Group: Airfield Miscellaneous</b>			10,280	46,453	92,898	110,743	84,652	345,026	354,000	0
<b>Sub Total for: Airfield</b>			<b>11,352</b>	<b>48,272</b>	<b>97,345</b>	<b>116,866</b>	<b>87,224</b>	<b>361,059</b>	<b>432,214</b>	<b>0</b>
<b>Aviation Division Wide</b>										
2	C801232	EV Chargers for AV Fleet	1,188	1,074	0	0	0	2,262	2,637	97
2	C801311	Const. Logistic Site Expa	1,002	8,365	5,558	1,789	0	16,714	17,121	90
<b>CIP Group: Facilities</b>			2,190	9,439	5,558	1,789	0	18,976	19,758	186
2	C801045	Common Use System Replace	1,650	1,575	0	0	0	3,225	3,750	0
2	C801315	CUSS Renewal/Replacement	553	1,732	2,632	861	0	5,778	5,800	0
2	C801321	Access Control ICS Networ	154	1,867	579	0	0	2,600	2,600	0
<b>CIP Group: IT Projects</b>			2,357	5,174	3,211	861	0	11,603	12,150	0
2	C800753	Aeronautical Reserve	10,000	10,000	20,000	40,955	205,000	285,955	2,556,531	0
2	C800754	Non-Aeronautical Reserve	2,000	5,000	6,000	8,683	15,000	36,683	197,853	0
2	C801141	CIP Cashflow Mgmt Reserve	-141,920	85,152	56,768	0	0	0	0	0
<b>CIP Group: Miscellaneous</b>			-129,920	100,152	82,768	49,638	220,000	322,638	2,754,384	0
2	C800100	Aviation Small Jobs	0	0	0	0	0	0	10,001	7,159



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
2	C800751	Aviation Small Capital Jo	1,283	2,000	2,000	1,706	0	6,989	12,001	3,159
2	C800752	AV Small Capital Purchase	0	0	966	1,408	798	3,172	10,001	5,889
2	C801341	AV Small Capital Purchase	3,981	2,000	1,034	238	0	7,253	10,001	288
2	C801385	Small Jobs 2024-2034	1,000	1,000	1,000	1,000	1,000	5,000	10,000	0
<b>CIP Group: Small Projects</b>			6,264	5,000	5,000	4,352	1,798	22,414	52,004	16,495
<b>Sub Total for: Aviation Division Wide</b>			<b>-119,109</b>	<b>119,765</b>	<b>96,537</b>	<b>56,640</b>	<b>221,798</b>	<b>375,631</b>	<b>2,838,296</b>	<b>16,681</b>
<b>Infrastructure</b>										
2	C800937	Fire Suppression Comm Ro	472	82	0	0	0	554	712	93
<b>CIP Group: Communication Systems</b>			472	82	0	0	0	554	712	93
2	C801225	400HZ Replacement Conc C	85	1,984	6,147	6,941	1,194	16,351	16,501	45
2	C801238	Public Access DAS Upgrade	228	439	2,409	2,139	192	5,407	5,600	163
2	C801313	Fleet Fast EV charging	517	865	5,480	3,887	23	10,772	10,772	0
2	C801316	Generator Controls Projec	632	665	2,879	5,795	1,798	11,769	12,103	181
<b>CIP Group: Electrical Infrastructure</b>			1,462	3,953	16,915	18,762	3,207	44,299	44,976	389
2	C801318	Water Surge Attenuator	266	449	1,367	1,374	673	4,129	4,201	4
<b>CIP Group: Water Infrastructure</b>			266	449	1,367	1,374	673	4,129	4,201	4
<b>Sub Total for: Infrastructure</b>			<b>2,200</b>	<b>4,484</b>	<b>18,282</b>	<b>20,136</b>	<b>3,880</b>	<b>48,982</b>	<b>49,889</b>	<b>486</b>
<b>Landside</b>										
2	C801229	AVI Readers Refresh	265	0	0	0	0	265	375	0
<b>CIP Group: Ground Transportation</b>			265	0	0	0	0	265	375	0
2	C801307	Parking Garage Rehabilita	712	3,683	4,353	23,743	18,360	50,851	55,700	0



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
2	C801329	Parking Garage UPS	53	162	323	13	0	551	573	0
<b>CIP Group: Public Parking</b>			765	3,845	4,676	23,756	18,360	51,402	56,273	0
2	C801209	RCF CSB Re-demising	0	76	2,126	4,936	3,233	10,371	10,546	0
2	C801325	RCF QTA Boiler Skids 1 an	89	802	356	5	0	1,252	1,300	0
<b>CIP Group: Rental Cars</b>			89	878	2,482	4,941	3,233	11,623	11,846	0
2	C801312	Air Cargo Road Phase 2	1,587	2,311	4,201	3,956	2,127	14,182	14,215	17
2	C801319	Upper/Lower Drive Improve	726	1,123	1,955	1,955	554	6,313	6,328	0
<b>CIP Group: Roadways</b>			2,313	3,434	6,156	5,911	2,681	20,495	20,543	17
<b>Sub Total for: Landside</b>			<b>3,432</b>	<b>8,157</b>	<b>13,314</b>	<b>34,608</b>	<b>24,274</b>	<b>83,785</b>	<b>89,037</b>	<b>17</b>
<b>NOISE Program</b>										
2	C200097	ATZ Residential Acquisiti	0	2,220	921	172	0	3,313	3,313	0
<b>CIP Group: Residential Insulation</b>			0	2,220	921	172	0	3,313	3,313	0
<b>Sub Total for: NOISE Program</b>			<b>0</b>	<b>2,220</b>	<b>921</b>	<b>172</b>	<b>0</b>	<b>3,313</b>	<b>3,313</b>	<b>0</b>
<b>Security</b>										
2	C801040	Fire Dept Apparatus Repla	0	0	0	0	0	0	5,000	0
2	C801310	SEA Garage Security Impro	4,581	9,642	2,077	0	0	16,300	16,300	0
2	C801320	Security Camera Upgrades	221	826	1,824	437	0	3,308	3,357	4
<b>CIP Group: Security Projects</b>			4,802	10,468	3,901	437	0	19,608	24,657	4
<b>Sub Total for: Security</b>			<b>4,802</b>	<b>10,468</b>	<b>3,901</b>	<b>437</b>	<b>0</b>	<b>19,608</b>	<b>24,657</b>	<b>4</b>
<b>Sustainable Airport Master PI</b>										
2	C801057	SAMP - Landside	1,000	10,000	20,000	10,000	7,000	48,000	56,250	0
2	C801059	SAMP - Airside	0	1,000	1,500	2,500	5,000	10,000	28,500	0



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			2024	2025	2026	2027	2028			
2	C801060	SAMP - Cargo	0	0	1,000	1,000	0	2,000	2,000	0
2	C801061	SAMP - 2nd Terminal	0	2,250	2,250	20,000	50,000	74,500	146,750	0
2	C801062	SAMP - Airline/Airport Su	0	5,000	5,500	15,000	15,000	40,500	56,500	0
<b>CIP Group: SAMP Near Term Projects</b>			1,000	18,250	30,250	48,500	77,000	175,000	290,000	0
<b>Sub Total for: Sustainable Airport Master PI</b>			<b>1,000</b>	<b>18,250</b>	<b>30,250</b>	<b>48,500</b>	<b>77,000</b>	<b>175,000</b>	<b>290,000</b>	<b>0</b>
<b>Terminal and Tenants</b>										
2	C801308	PLB Renew and Replace 202	6,926	11,370	5,399	0	0	23,695	23,800	20
2	C801323	Acrylic Coating & Radiant	112	405	863	251	0	1,631	1,676	0
<b>CIP Group: Loading Bridges</b>			7,038	11,775	6,262	251	0	25,326	25,476	20
2	C801175	Single Piers on Concourse	2,250	2,750	4,933	4,635	135	14,703	14,766	17
2	C801182	Flow Meter Replacement CM	270	1,412	1,111	0	0	2,793	2,954	48
2	C801206	Concourse A Duty Free	1,434	7,168	23,066	13,720	0	45,388	45,933	524
2	C801236	M.Terminal Exterior wall	1,920	2,472	3,019	77	0	7,488	7,584	80
2	C801266	Main Terminal Improvement	5,042	12,773	12,200	63,223	106,201	199,439	800,002	2,157
2	C801267	Utility Master Plan Allow	0	25,000	61,000	97,000	20,191	203,191	203,747	0
<b>CIP Group: Terminal Facilities</b>			10,916	51,575	105,329	178,655	126,527	473,002	1,074,986	2,826
<b>Sub Total for: Terminal and Tenants</b>			<b>17,954</b>	<b>63,350</b>	<b>111,591</b>	<b>178,906</b>	<b>126,527</b>	<b>498,328</b>	<b>1,100,462</b>	<b>2,846</b>
<b>SubTotal for: Aviation Division</b>			<b>-78,369</b>	<b>274,966</b>	<b>372,141</b>	<b>456,265</b>	<b>540,703</b>	<b>1,565,706</b>	<b>4,827,868</b>	<b>20,034</b>
<b>Corporate P&amp;TS</b>										
<b>Corporate P&amp;TS Capital Project</b>										
2	C800097	IT Renewal/Replacement	0	0	2,500	2,500	2,500	7,500	22,500	0
2	C801080	STIA Network Redundancy	0	0	0	0	0	0	0	0



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
2	C801261	Contract Management Syste	500	0	0	0	0	500	850	0
2	C801343	Specification Doc Mgmt So	590	0	0	0	0	590	600	0
2	C801344	Enterprise Firewall Refre	1,460	0	0	0	0	1,460	2,000	0
2	C801346	Fleet Management Software	650	0	0	0	0	650	850	0
2	C801347	Fire Alarm Monitoring Sys	500	0	0	0	0	500	500	0
2	C801382	PeopleSoft Financial Syst	700	2,700	0	0	0	3,400	3,400	0
2	C801383	Maximo Software System Up	600	1,000	0	0	0	1,600	1,600	0
2	C801384	Property Management Syste	200	640	0	0	0	840	840	0
2	C801386	TierPoint SAN Refresh	500	0	0	0	0	500	500	0
<b>CIP Group: Information Technology</b>			<b>5,700</b>	<b>4,340</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>17,540</b>	<b>33,640</b>	<b>0</b>
2	C801143	CIP Cashflow Mgmt - Corpo	-6,200	-2,000	2,733	2,733	2,734	0	0	0
2	C801349	2022 PCS Fleet – 2221 Loa	0	0	0	0	0	0	425	0
2	C801354	Engineering/PCS Fleet 202	1,200	980	490	600	240	3,510	7,293	8
2	C801355	Corporate Fleet 2023+	920	748	766	748	900	4,082	9,804	0
<b>CIP Group: Other Corporate Capital Projec</b>			<b>-4,080</b>	<b>-272</b>	<b>3,989</b>	<b>4,081</b>	<b>3,874</b>	<b>7,592</b>	<b>17,522</b>	<b>8</b>
<b>Sub Total for: Corporate P&amp;TS Capital Project</b>			<b>1,620</b>	<b>4,068</b>	<b>6,489</b>	<b>6,581</b>	<b>6,374</b>	<b>25,132</b>	<b>51,162</b>	<b>8</b>
<b>SubTotal for: Corporate P&amp;TS</b>			<b>1,620</b>	<b>4,068</b>	<b>6,489</b>	<b>6,581</b>	<b>6,374</b>	<b>25,132</b>	<b>51,162</b>	<b>8</b>
<b>Economic Development Division</b>										
<b>Development &amp; Planning</b>										
2	C801169	T91 Uplands Infrastructur	500	6,500	3,250	0	0	10,250	10,250	0
<b>CIP Group: Real Estate Development</b>			<b>500</b>	<b>6,500</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>10,250</b>	<b>10,250</b>	<b>0</b>
<b>Sub Total for: Development &amp; Planning</b>			<b>500</b>	<b>6,500</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>10,250</b>	<b>10,250</b>	<b>0</b>

General Economic Development



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
2	C800216	EDD Reserve	2,000	2,000	3,000	3,000	3,000	13,000	33,000	0
2	C800352	P69 Concrete Dock Rehab	1,000	10,000	10,000	5,995	0	26,995	27,000	0
2	C801008	P69 Elevator Control Mod	56	1,270	984	47	0	2,357	2,357	0
2	C801009	P69 HVAC Components Repla	100	2,618	3,711	1,545	0	7,974	7,974	0
2	C801101	P69 Clerestory and Skylig	0	0	542	2,194	239	2,975	2,975	0
2	C801145	CIP Cashflow Mgt - EDD	-8,724	5,234	3,490	0	0	0	0	0
2	C801290	P69 3rd Floor Terrace Rep	775	300	0	0	0	1,075	1,100	0
<b>CIP Group: General ECON DEV - Other</b>			-4,793	21,422	21,727	12,781	3,239	54,376	74,406	0
<b>Sub Total for: General Economic Development</b>			<b>-4,793</b>	<b>21,422</b>	<b>21,727</b>	<b>12,781</b>	<b>3,239</b>	<b>54,376</b>	<b>74,406</b>	<b>0</b>
<b>Portfolio Management</b>										
2	C801064	WTC Garage Elevator Mods	1,158	1,632	0	0	0	2,790	2,800	0
2	C801370	Bell Street Bridge Refres	0	0	5	3,400	1,948	5,353	5,353	0
2	C801371	P66 Grand Staircase Replc	50	4,400	3,888	0	0	8,338	8,338	0
2	C801374	Bell St Garage Public EV	0	0	600	0	0	600	600	0
<b>CIP Group: Central Waterfront</b>			1,208	6,032	4,493	3,400	1,948	17,081	17,091	0
2	C801373	T91 West Gate Redesign	620	0	0	0	0	620	650	0
<b>CIP Group: Portfolio Mgmt Other</b>			620	0	0	0	0	620	650	0
<b>Sub Total for: Portfolio Management</b>			<b>1,828</b>	<b>6,032</b>	<b>4,493</b>	<b>3,400</b>	<b>1,948</b>	<b>17,701</b>	<b>17,741</b>	<b>0</b>
<b>SubTotal for: Economic Development Division</b>			<b>-2,465</b>	<b>33,954</b>	<b>29,470</b>	<b>16,181</b>	<b>5,187</b>	<b>82,327</b>	<b>102,397</b>	<b>0</b>
<b>Maritime Division</b>										
<b>Cruise Operations</b>										
2	C801366	T91 Cruise CBP IT & Conne	50	500	580	0	0	1,130	1,130	0
2	C801367	T91 Cruise Passenger Clea	400	150	0	0	0	550	600	0



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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
2	C801376	P66 New Cruise Pass Gangw	950	5,000	0	0	0	5,950	6,000	0
<b>CIP Group: Cruise</b>			1,400	5,650	580	0	0	7,630	7,730	0
<b>Sub Total for: Cruise Operations</b>			<b>1,400</b>	<b>5,650</b>	<b>580</b>	<b>0</b>	<b>0</b>	<b>7,630</b>	<b>7,730</b>	<b>0</b>
<b>Environmental Services</b>										
2	C801092	Seattle Waterfront Clean	550	4,500	7,900	0	0	12,950	13,000	0
2	C801197	T115 Env Improvements	0	0	0	0	0	0	0	0
2	C801269	Smart Utility Meters	667	467	3,204	3,204	3,204	10,746	10,746	0
2	C801295	Centennial Park Shoreline	100	100	0	0	0	200	200	0
2	C801298	MCAAP Phase I	1,000	2,000	2,000	2,000	2,000	9,000	13,000	0
2	C801301	Sustainable Eval Framewor	2,000	2,000	2,000	2,000	0	8,000	8,000	0
<b>CIP Group: Environmental</b>			4,317	9,067	15,104	7,204	5,204	40,896	44,946	0
<b>Sub Total for: Environmental Services</b>			<b>4,317</b>	<b>9,067</b>	<b>15,104</b>	<b>7,204</b>	<b>5,204</b>	<b>40,896</b>	<b>44,946</b>	<b>0</b>
<b>Fishing and Operations</b>										
2	C800444	FT NW Dock West Improveme	270	450	930	7,800	30,000	39,450	56,000	0
2	C800528	FT W Wall N Fender Replac	0	0	500	1,500	7,000	9,000	16,500	0
2	C800529	FT W Wall N Sht Pile Crsn	0	0	0	500	2,000	2,500	4,200	0
2	C800530	FT S Wall W End Improveme	0	0	0	200	400	600	4,500	0
2	C800533	FT W Wall S Sht Pile Cor	0	0	0	350	1,100	1,450	3,100	0
2	C800534	FT S Wall CI Fndr Rp & Co	0	0	0	700	2,000	2,700	24,700	0
2	C800567	FT Net Shed 10 Roof Overl	0	40	629	10	0	679	679	0
2	C800568	FT Net Shed 11 Roof Overl	0	40	644	10	0	694	694	0
<b>CIP Group: Fishermen's Terminal - Water</b>			270	530	2,703	11,070	42,500	57,073	110,373	0



5 Year Capital Budget by CIP number

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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
2	C800307	MIC West & Central Piers	0	0	0	70	985	1,055	1,251	0
<b>CIP Group: Maritime Industrl Cntr - Water</b>			0	0	0	70	985	1,055	1,251	0
2	C800741	T106 Mooring Dolphins	170	2,750	585	0	0	3,505	3,520	0
<b>CIP Group: Maritime Operations - Other</b>			170	2,750	585	0	0	3,505	3,520	0
2	C801294	T91 P90/91 Dock Rehab	800	10,350	10,000	0	0	21,150	21,200	0
<b>CIP Group: Maritime Operations - T91</b>			800	10,350	10,000	0	0	21,150	21,200	0
2	C801095	SaBM Docks A-C Roof Safet	3,000	1,000	0	0	0	4,000	4,000	0
<b>CIP Group: Salmon Bay Marina - Water</b>			3,000	1,000	0	0	0	4,000	4,000	0
<b>Sub Total for: Fishing and Operations</b>			<b>4,240</b>	<b>14,630</b>	<b>13,288</b>	<b>11,140</b>	<b>43,485</b>	<b>86,783</b>	<b>140,344</b>	<b>0</b>
<b>Maritime General</b>										
2	C800002	MD Reserve	2,000	3,000	5,000	8,000	8,000	26,000	76,000	0
2	C801144	CIP Cashflow Mgt - MD	-24,200	14,520	9,680	0	0	0	0	0
2	C801332	Waterfront Art Pool	680	449	145	479	0	1,753	1,868	0
2	C801392	MMSO Service Bay Concrete	528	0	0	0	0	528	528	0
2	C801393	G&S Auto Shop Serv Bay En	1,117	0	0	0	0	1,117	1,117	0
2	C801394	G&S Roof Replacement	745	0	0	0	0	745	745	0
2	C801395	G&S Yard & Building Elec	100	400	0	0	0	500	500	0
<b>CIP Group: Maritime General Other</b>			-19,030	18,369	14,825	8,479	8,000	30,643	80,758	0
<b>Sub Total for: Maritime General</b>			<b>-19,030</b>	<b>18,369</b>	<b>14,825</b>	<b>8,479</b>	<b>8,000</b>	<b>30,643</b>	<b>80,758</b>	<b>0</b>
<b>Maritime Portfolio Management</b>										
2	C800733	FT C3 Bldg Roof Replace	0	40	774	66	0	880	880	0



5 Year Capital Budget by CIP number

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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
<b>CIP Group: Fishermens Terminal - Land</b>			0	40	774	66	0	880	880	0
2	C801401	T106 Building 2 Elec Upgr	0	0	0	0	0	0	300	0
<b>CIP Group: Maritime Industrial Facilities</b>			0	0	0	0	0	0	300	0
<b>Sub Total for: Maritime Portfolio Management</b>			<b>0</b>	<b>40</b>	<b>774</b>	<b>66</b>	<b>0</b>	<b>880</b>	<b>1,180</b>	<b>0</b>
<b>Recreational Boating</b>										
2	C800536	P66 BHM Wavebreak Protect	0	0	0	0	0	0	0	0
<b>CIP Group: Bell Harbor Marina</b>			0	0	0	0	0	0	0	0
2	C800672	SBM G Dock Rehab	0	60	545	2,450	0	3,055	3,055	0
2	C800679	SBM Lower A Dock Impr.	0	115	965	235	0	1,315	1,315	0
2	C801000	SBM Fuel Float Rehabilita	310	1,385	270	0	0	1,965	2,020	0
2	C801001	SBM Comporter Pier Rehab	1,215	155	0	0	0	1,370	1,370	0
<b>CIP Group: Shilshole Bay Marina - Water</b>			1,525	1,715	1,780	2,685	0	7,705	7,760	0
<b>Sub Total for: Recreational Boating</b>			<b>1,525</b>	<b>1,715</b>	<b>1,780</b>	<b>2,685</b>	<b>0</b>	<b>7,705</b>	<b>7,760</b>	<b>0</b>
<b>SubTotal for: Maritime Division</b>			<b>-7,548</b>	<b>49,471</b>	<b>46,351</b>	<b>29,574</b>	<b>56,689</b>	<b>174,537</b>	<b>282,718</b>	<b>0</b>
<b>NWSA Joint Venture</b>										
<b>Lease &amp; Asset Management</b>										
2	C800618	EWV Deepening (53+2', 100	0	0	0	1,000	1,000	2,000	12,000	0
<b>CIP Group: Dredging</b>			0	0	0	1,000	1,000	2,000	12,000	0
2	C800755	T30 Alaskan Way Street Va	0	0	0	500	7,000	7,500	7,500	0
<b>CIP Group: Terminal 30</b>			0	0	0	500	7,000	7,500	7,500	0
2	C801210	T5 Approach Overpass	0	0	0	0	0	0	0	0



5 Year Capital Budget by CIP number

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Status	CIP#	Name	Forecast					5-year total (2024 - 2028)	Total EstAct	CIP Actuals to closed qtr
			2024	2025	2026	2027	2028			
<b>CIP Group: Terminal 5</b>			0	0	0	0	0	0	0	0
<b>Sub Total for: Lease &amp; Asset Management</b>			0	0	0	1,500	8,000	9,500	19,500	0
<b>SubTotal for: NWSA Joint Venture</b>			0	0	0	1,500	8,000	9,500	19,500	0
<b>Stormwater Utility</b>										
<b>SWU General</b>										
2	C800894	T-5 stormwater line work	0	0	0	0	1,250	1,250	4,500	0
2	C801105	T108 Stormwater Syst Impr	0	0	0	0	0	0	3,000	0
2	C801254	Industrial Vacuum Truck	0	0	0	0	0	0	0	0
2	C801369	MIC Drainage Improvements	80	300	0	0	0	380	380	0
2	C801391	FT Green SW Infra Retro	100	200	200	0	0	500	500	0
2	C801397	SBM Stormwater Vault Retr	0	50	275	0	0	325	325	0
2	C801398	T91 6&8 Stormwater	0	400	0	0	0	400	400	0
2	C801399	SBM Green SW Infra Retrof	0	100	200	200	0	500	500	0
<b>CIP Group: SWU Large Capital</b>			180	1,050	675	200	1,250	3,355	9,605	0
2	C801255	SWU Small Cap Fleet	180	0	425	0	0	605	605	0
<b>CIP Group: SWU Small Projects</b>			180	0	425	0	0	605	605	0
<b>Sub Total for: SWU General</b>			360	1,050	1,100	200	1,250	3,960	10,210	0
<b>SubTotal for: Stormwater Utility</b>			360	1,050	1,100	200	1,250	3,960	10,210	0
<b>Grand Total:</b>			-86,402	363,509	455,551	510,301	618,203	1,861,162	5,293,855	20,043

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# **X. PLAN OF FINANCE**

## **2024-2028 DRAFT PLAN OF FINANCE**

The Draft Plan of Finance will be included as part of the 2024 Final Budget.

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# **XI. STATUTORY BUDGET**

## 2024 STATUTORY BUDGET

### A. INTRODUCTION

The "statutory" budget, as defined in RCW 53.35.010, is to portray "the estimated expenditures and the anticipated available funds from which all expenditures are to be paid." As a cash budget, the Statutory Budget establishes the need for the tax levy, sets upper limits on expenditures, but is not used as an operating budget. The function of controlling and managing the operations of the Port is accomplished with the operating budget.

The 2024 Statutory Budget will be provided to the Port Commissioners and made available to the general public on October 24, 2023, as required by law (RCW 53.35.010 and RCW 53.35.045). Notices of the Public Hearing will be published on November 2 and November 9, 2023, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The notices include announcements: that copies of the preliminary budget will be available for distribution to any interested persons on October 26, 2023; that the introduction of the preliminary 2024 Budget and public hearing will be held on November 14, 2023; and that the adoption of the 2024 Budget will be held on November 21, 2023. The final statutory budget will be filed with the King County Council on November 30, 2023, as allowed by RCW 53.35.045. The Port will also adopt a separate resolution for an increase in the tax levy as required by RCW 84.55.120.

### B. STATUTORY BUDGET HIGHLIGHTS

#### 1. Tax Levy

For 2024, the preliminary tax levy is \$86.7 million, pending Commission approval. The following is a comparison of the tax levy detail between 2023 and 2024:

**TABLE XI-1: TAX LEVY BUDGET DETAIL**

	<u>Budget 2023</u>		<u>Budget 2024</u>	
	<u>Levy Rate</u>	<u>Levy Amount</u>	<u>Levy Rate</u>	<u>Levy Amount</u>
<b>For General Obligation Bonds</b>	\$ 0.0394	\$ 34,680,071	\$ 0.0424	\$ 34,682,284
<b>For General Purposes</b>	0.0545	47,977,296	0.0635	51,982,296
<b>Total</b>	<b>\$ 0.0939</b>	<b>\$ 82,657,367</b>	<b>\$ 0.1059</b>	<b>\$ 86,664,580</b> <sup>(1)</sup>

<sup>(1)</sup> 2024 Port levy is pending commission approval

#### 2. Tax Levy Rate

The tax levy rate is a product of dividing the tax levy dollars by the assessed valuation of personal and real properties within the Port District. The exact levy rate is determined by the County Assessor after all taxing agencies have requested their levy dollars, and the assessed valuation dollars are certified. The 2023 preliminary assessed valuation as of September 28, 2023, is \$818,180,224,035 after omitted assessments, which are not included in the Port's levy calculation. The 2023 assessed valuation is used for 2024 tax collection. This is a decrease from the final assessed valuation per the King County Annual Report for 2023 tax collection, which was \$879,895,419,279 after omitted assessment.

**C. RESOLUTIONS**

**RESOLUTION NO. 3814**

**A RESOLUTION** of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2024; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed properties of the Port of Seattle District in the Year 2024.

**WHEREAS**, the Port of Seattle in the Century Agenda commits to create economic opportunity for all, steward our environment responsibly, partner with surrounding communities, promote social responsibility, conduct ourselves transparently, and hold ourselves accountable; and

**WHEREAS**, the Port of Seattle's Century Agenda outlined goals of meeting current demand as a business gateway and tourism hub for the region, and further expressed the need to anticipate future growth of the region and to prepare for the ensuing demand for cruise, maritime, and aviation all for the economic benefit of the region; and

**WHEREAS**, the Port of Seattle Commission is committed to the responsible stewardship of public tax revenue, financial transparency, and an open budget process; and

**WHEREAS**, the Port of Seattle and its Commission are committed to making strategic investments necessary to promote a thriving maritime and industrial economy and recognize that increasing pressure on industrial lands and freight corridors in the region threatens the viability of this sector; and

**WHEREAS**, the long-term viability of the maritime and industrial sector is dependent on a robust and well-trained workforce and the sector is facing both an aging workforce and a limited influx of trained younger workers to replace those approaching retirement and the need to strengthen training and pathways into the sector; and

**WHEREAS**, the Port of Seattle Commission is committed to reducing our carbon footprint by investing in solutions to become the "greenest" and most efficient port in the nation and we are further committed to assisting and incentivizing those we do business in order to reach these goals; and

**WHEREAS**, the Port of Seattle Commission has determined that the mission of the Port is to create good jobs in the region by advancing trade and commerce, promoting manufacturing and maritime growth, and stimulating economic development; and

**WHEREAS**, the Port of Seattle Commission, on the 24<sup>th</sup> day of October, 2023, published the preliminary 2024 Budget of the Port of Seattle on the Port website and, on the 26<sup>th</sup> day of October, 2023, made hard copies available to the public; and for the publication of Notice of Budget Hearing to consider adoption of a final budget, to be heard on the 14<sup>th</sup> day of November, 2023, when taxpayers might appear and present objections to the preliminary 2024 Budget; and

**WHEREAS**, a public hearing on the preliminary 2024 Budget was held remotely and in-person in the Port Commission Chambers, pursuant to notice duly given, in the City of Seattle, County of King, State of Washington, on the 14<sup>th</sup> of November, 2023, at 12 p.m.; and

**WHEREAS**, all parties present at said hearing were afforded a full opportunity to present objections to the preliminary 2024 Budget, and the Port Commission being duly advised in the premises; and

**WHEREAS**, the King County Assessor notified the Commissioners of the Port of Seattle on the 28<sup>th</sup> day of September, 2023, that the preliminary regular levy assessed value of the property lying within the boundaries of the Port of Seattle district ("Port District") for the year 2023 is \$818,180,224,035 (after omitted assessments); and

**WHEREAS**, the King County Assessor notified the Commissioners of the Port of Seattle on the 28<sup>th</sup> day of September, 2023, that the preliminary maximum allowable levy is \$115,552,773, including \$273,518 levy for prior year refunds, and the Port intends to retain this levy capacity; and

**WHEREAS**, the Port has outstanding General Obligation bonds due in 2024 and has a General Obligation line of credit, for the payment of the principal and interest on such indebtedness in 2024 the entire amount of the levy is required to be available to the Port.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Commission of the Port of Seattle that the preliminary 2024 Budget, as updated and amended at the November 14, 2023, Port Commission hearing, and as may have been further amended by the Port Commission on this 21<sup>st</sup> of November, 2023, is hereby adopted as the final budget of the Port of Seattle for the Year 2024. Said final budget includes the statutory budget required under RCW 53.35.040. A copy of the final budget shall be made available to the public on the Port of Seattle website.

**BE IT FURTHER RESOLVED** that the amount of taxes to be levied by the Port of Seattle on the current assessment rolls to provide for payment of bond redemption and interest on the Port of Seattle General Obligation Bonds and line of credit and, as available, for future expenditures for acquisitions and capital improvements and for such general purposes allowed by law which the Port deems necessary be set and deposited is still pending commission approval.

**BE IT FURTHER RESOLVED** that the King County Council, State of Washington, be notified that the specific sum herein mentioned being a total of \$86,664,580 is necessary to be raised by taxation to meet the payment of bond redemption and interest on Port of Seattle General Obligation Bonds and line of credit, of future expenditures for acquisitions and capital improvements, and of costs for such general purposes allowed by law which the Port deems necessary, as set forth for the period January 1, 2024, and thereafter; that said King County Council be respectfully requested to make a levy in said amount for the aforesaid purposes.

**BE IT FURTHER RESOLVED** that the above is a true and complete listing of levies for the Port District for collection in the year 2024 and they are within the maximums established by law.

**ADOPTED** by the Port Commission of the Port of Seattle at a duly noticed meeting held this 21st day of November, 2023, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

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Port Commission

## RESOLUTION NO. 3815

A RESOLUTION of the Port Commission of the Port of Seattle specifying the dollar and percentage change in the regular property levy from the previous year per RCW 84.55.120; providing for an increase of the levy from \$82,657,367 to \$86,664,580

**WHEREAS**, the Port of Seattle in the Commission has met and considered its budget for the calendar year 2024; and

**WHEREAS**, the Port of Seattle's Commission, after hearing and duly considering all relevant evidence and testimony presented in a public hearing held pursuant to RCW 84.55.120, has determined the Port of Seattle requires a regular levy in the amount of \$86,664,580, which represents the levy rate of approximately \$0.1059 per thousand of assessed value; and

**WHEREAS**, the levy amount includes an increase in property tax revenue from the previous year to discharge the expenses and obligations of the district in its best interest.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Commission of the Port of Seattle that a property tax levy is hereby authorized in the amount of \$86,664,580, an increase of \$4,007,213, a 4.8 percent increase from 2023. Excluding the new construction and refund amount, the increase is \$2,699,680 or 3.3 percent from 2023 for tax filing purposes.

**ADOPTED** by the Port Commission of the Port of Seattle at a duly noticed meeting held this 21st day of November, 2023, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

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Port Commission

**D. TAX LEVY CALCULATION SHEET**

**TABLE XI-2: TAX LEVY CALCULATION SHEET**

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).						
Year	2023	\$113,106,204	x	101.00%	\$114,237,266	
		Highest Lawful Levy Since 1985		Limit Factor/Max Increase 101%		
Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).						
	\$10,966,324,979	x	0.09429	\$1,000	\$1,034,015	
	A.V.		Last Year's Levy Rate			
C. Tax Increment finance area increment AV increase (RCW 84.55.010(1)(e) (value included in B & D cannot be included in C)						
	\$84,567,800	x	0.09429	\$1,000	\$7,974	
	A.V.		Last Year's Levy Rate			
D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).						
	\$8,287,122,241		\$8,287,122,241	\$0		
	Current Year's A.V.		Previous Year's A.V.	Remainder		
	\$0	x	0.09429	\$1,000	\$0	
	Remainder from Line D		Last Year's Levy Rate			
E. Regular property tax limit:				A+B+C+D	\$115,279,255	
Parts F through H are used in calculating the additional levy limit due to annexation.						
F. To find the rate to be used in F, take the levy limit as shown in Line E above and divide it by the current assessed value of the district, excluding the annexed area.						
	\$115,279,255		\$818,180,224,035	x	\$1,000	\$0.14089
	Total in Line E		Assessed Value Less Annexed AV			
G. Annexed area's current assessed value including new construction and improvements, times the rate in Line E.						
	\$0	x	\$0.14089	\$1,000	\$0	
	Annexed Area's A.V.		\$0.00000			
H. Regular property tax limit including annexation				E+G	\$115,279,255	
I. Statutory maximum calculation						
Only enter fire/RFA rate, library rate, or firefighter pension fund rate.						
	0.45000	0	0	+	0	0.45000
	District base levy rate	Fire or RFA Rate	Library Rate		Firefighter Pension Fund	Statutory Rate Limit
	818,180,224,035	x	0.45000		\$1,000	\$368,181,101
	A.V. of District		Statutory Rate Limit			Statutory Amount
J. Highest Lawful Levy For This Tax Year (Lesser of G and H)					\$115,279,255	
K. New highest lawful levy since 1985 (Lesser of I & H minus C, unless A (before limit factor increase) is greater than I or H minus C, then A before the limit factor increase)					\$115,271,281	
L. Lesser of I and J.					\$115,279,255	
M. Refunds					\$273,518	
N. Levy Corrections						
Year of Error: 0						
1. Minus amount over levied (if applicable) ...					0	
2. Plus amount under levied (if applicable) ...					0	
O. Total: L+M+/-N (unless Voted Rate)					\$115,552,773	
P. Tax Base For Regular Levy						
1. Total district taxable value (including state-assessed property, and excluding boats, timber assessed value, and the senior citizen exemption for the regular levy)					\$818,180,224,035	
Q. Tax Base for Excess and Voted Bond Levies						
2. Less assessed value of the senior citizen exemption of less than \$40,000 income or 65% of the median household income for the county based on lower of frozen or market value.					\$5,318,025,707	
3. Plus Timber Assessed Value (TAV)					\$0	
4. Tax base for excess and voted bond levies (1-2+3)					\$812,862,198,328	
R. Increase Information						
1. Levy rate based on allowable levy					0.14123	
2. Last year's ACTUAL regular levy					\$82,657,367	
3. Dollar Increase over last year other than New Construction(-) Annexation					\$31,579,899	
4. Percent Increase over last year other than New Construction(-) Annexation					38.20579%	

**E. FORECASTED CASH FLOW SUMMARY**

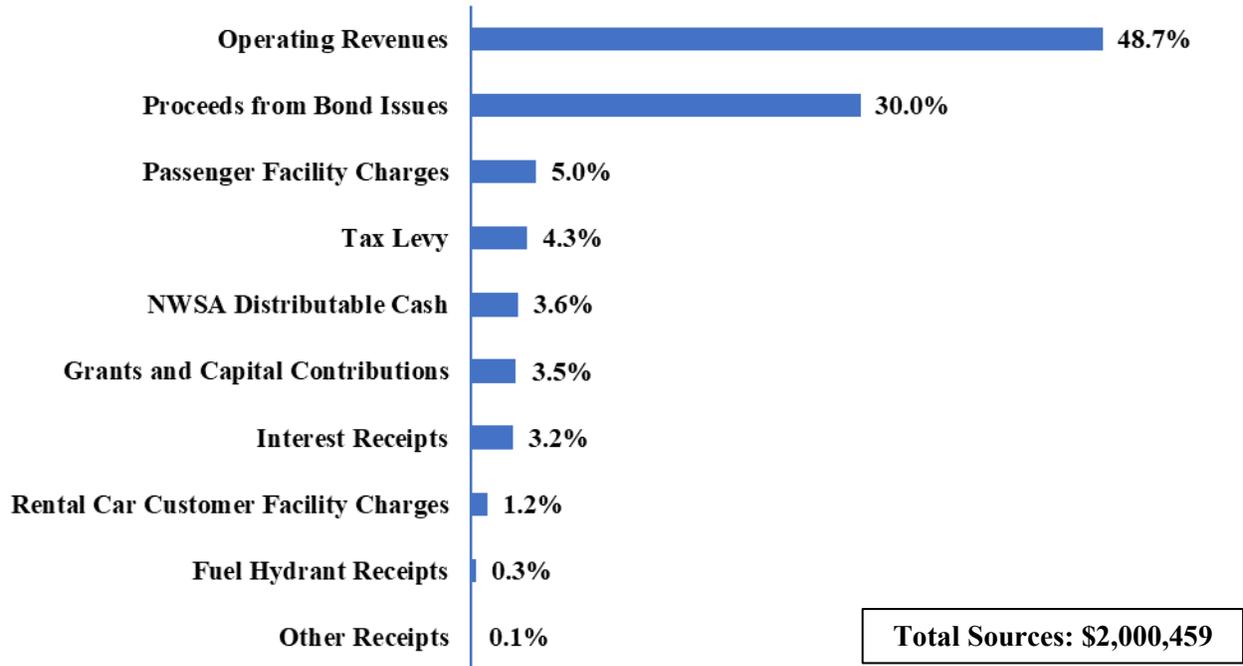
**TABLE XI-3: FORECASTED CASH FLOW SUMMARY**

(\$ in 000's)	<u>2024</u>	<u>Percent of Total</u>
<b>Beginning balance of cash &amp; investments</b>	<b>\$ 1,756,030</b>	
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues without NWSA	973,543	48.7%
NWSA Distributable Cash	71,856	3.6%
Interest Receipts	64,541	3.2%
Proceeds from Bond Issues	600,000	30.0%
Grants and Capital Contributions	69,329	3.5%
Tax Levy	86,665	4.3%
Passenger Facility Charges	99,886	5.0%
Rental Car Customer Facility Charges	24,899	1.2%
Fuel Hydrant Receipts	6,996	0.3%
Other Receipts	2,745	0.1%
<b>Total</b>	<b>2,000,459</b>	<b>100%</b>
<b>Anticipated available funds</b>	<b>3,756,489</b>	
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	623,491	30.7%
<b>Debt Service:</b>		
Interest Payments	211,361	10.4%
Bond Redemptions	234,722	11.5%
Total Debt Service	446,083	21.9%
Other Expenses	22,004	1.1%
Public Expense	27,020	1.3%
Payment to NWSA for Capital Expenditures	72,279	3.6%
Capital Expenditures	842,665	41.4%
<b>Total</b>	<b>2,033,542</b>	<b>100%</b>
<b>Ending balance of cash &amp; investments</b>	<b>\$ 1,722,947</b>	
<b>Increase (decrease) of cash during year</b>	<b>\$ (33,083)</b>	

CASHFLW.xlsx

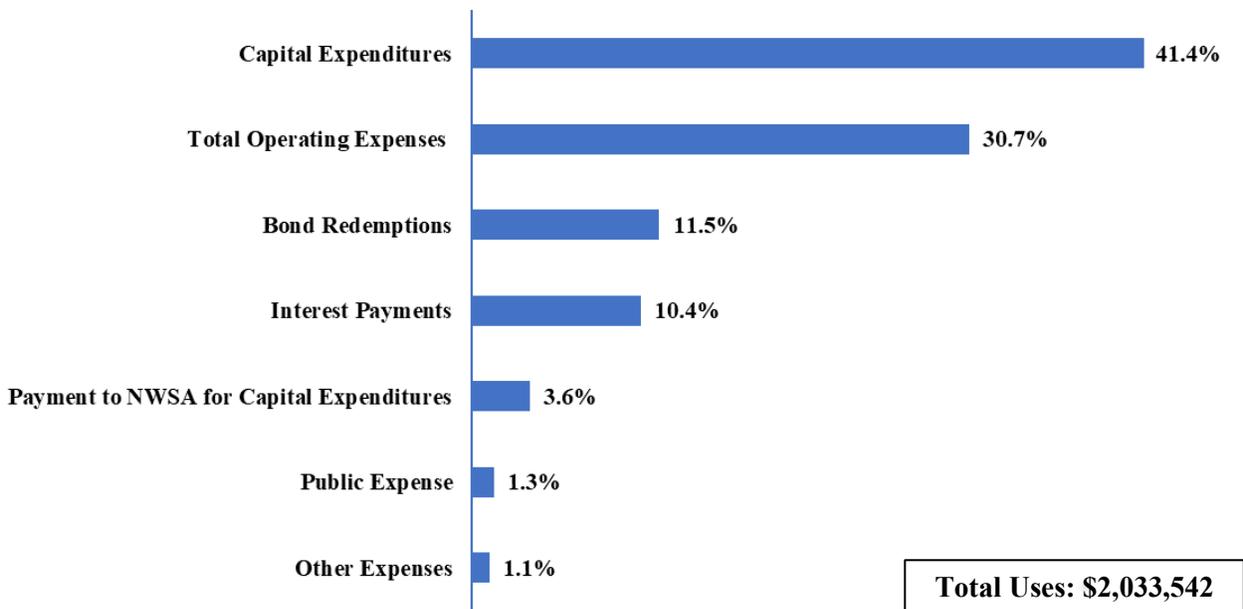
**FIGURE XI-1: SOURCES OF CASH**

(\$ in 000's)



**FIGURE XI-2: USES OF CASH**

(\$ in 000's)



# **XII. THE NORTHWEST SEAPORT ALLIANCE (NWSA)**

## **NORTHWEST SEAPORT ALLIANCE (NWSA)**

### **Port Interest in NWSA (Joint Venture)**

The NWSA is a joint venture with the Port of Tacoma for the management of certain facilities licensed to the NWSA including the Port’s container terminals. Each Port is a 50 percent member – receives 50 percent of distributable revenue and provides 50 percent of funding including funding for capital investments.

Table XII-1 provides information on the Port’s operating revenues and expenses related to the NWSA. The NWSA Distributable Revenues are net of NWSA operating expenses (including depreciation of NWSA assets). The Port, through an Interlocal Agreement, pays the NWSA for the use of a portion of Terminal 46 and this is recognized as a Contra Revenue. The Port also has revenues and expenses related to the NWSA and its facilities; the most significant is depreciation expense for the Port owned facilities licensed to the NWSA. The Port’s operating revenues and expenses are included in Table XII-1.

**TABLE XII-1: 2024 OPERATING BUDGET SUMMARY**

(\$ in 000's)		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>% Change</b>
	Notes	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Proposed Budget</b>	<b>2023 Bud - 2024 Bud</b>
<b>Revenue</b>						
NWSA Distributable Revenue		\$ 55,998	\$ 55,353	\$ 50,305	\$ 57,154	13.6%
Contra Joint Venture Revenue		(1,952)	(1,949)	(2,030)	(2,071)	2.0%
<b>Subtotal</b>		<b>54,046</b>	<b>53,403</b>	<b>48,275</b>	<b>55,084</b>	<b>14.1%</b>
Other Service Revenue Tenant Reimbursements		796	1,978	734	797	8.6%
<b>Total Revenues</b>		<b>54,842</b>	<b>55,381</b>	<b>49,010</b>	<b>55,881</b>	<b>14.0%</b>
<b>Expense</b>						
Maintenance Expenses		592	569	630	493	-21.7%
JV Direct		1,297	1,122	98	92	-6.5%
Security		74	182	198	217	9.2%
Environmental & Sustainability		178	271	657	824	25.6%
Cost Recovery		107	169	272	291	6.8%
Seaport Project Management		23	120	71	145	103.4%
Central Services / Other		120	107	221	208	-6.0%
<b>Total Operating Expenses w/o Pension Credit</b>		<b>2,390</b>	<b>2,539</b>	<b>2,148</b>	<b>2,270</b>	<b>5.7%</b>
DRS Pension Credit		(682)	(278)	-	-	NA
<b>Total Operating Expenses with Pension Credit</b>		<b>1,708</b>	<b>2,261</b>	<b>2,148</b>	<b>2,270</b>	<b>5.7%</b>
<b>NOI Before Depreciation</b>		<b>53,134</b>	<b>53,120</b>	<b>46,862</b>	<b>53,612</b>	<b>14.4%</b>
Legacy Depreciation for NWSA Facilities		14,997	14,744	14,627	14,229	-2.7%
<b>NOI After Depreciation</b>		<b>38,137</b>	<b>38,376</b>	<b>32,235</b>	<b>39,382</b>	<b>22.2%</b>

JVRNOL.xlsx

The Port also makes capital investments. The Port provides 50 percent of the funding for the NWSA capital investments described in the NWSA budget and included in Section IX, “Capital Improvement Plan”. In addition, the Port has certain legacy obligations related to Port owned facilities licensed to the NWSA; these are entirely funded by the Port. More information on the NWSA and Port legacy projects can be found in Section IX.

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# The Northwest Seaport Alliance 2024 Budget

THE NORTHWEST  
SEAPORT ALLIANCE



Operating Budget and Capital Investment Plan adopted:  
November 7, 2023



In June 2023, Inbound Logistics magazine named The Northwest Seaport Alliance in its annual list of “Green 75” supply chain partners. This is the seventh consecutive year that the NWSA has been recognized for its environmental programs and commitment to sustainability.



The Northwest Seaport Alliance joined Green Marine in 2016 and has maintained its continued improvement every year since becoming a member. Green Marine is a voluntary marine industry initiative with the goal of achieving levels of environmental performance that exceed regulatory requirements in areas such as air emissions, greenhouse gases, cargo waste management, community impacts (noise, dust, odors, and light), water and land pollution prevention and environmental leadership. There are currently more than 100 ship owners, port authorities, terminals, and shipyards from coast to coast, in Canada and the United States, participating in the program.



Northwest Seaport Alliance (NWSA) is proud to be selected as the leading West Coast port in the 40th Annual Quest for Quality Awards by Logistics Management. The NWSA received the highest overall rating among West Coast ports with top scores in the Ease of Doing Business and Value categories.

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**To:** Managing Members

**Date:** November 7, 2023

**Subject:** The Northwest Seaport Alliance Operating Budget and Five-Year Capital Investment Plan

Staff is pleased to present the 2024 Northwest Seaport Alliance (NWSA) Budget. This document informs interested parties about the NWSA's overall goals and strategies, as well as the business environment in which we operate. It highlights the strategic investments that will deliver competitive financial results, build infrastructure in an environmentally sustainable manner, and create jobs and economic wealth in the Puget Sound region.

In 2023, the global supply chain faced a new set of challenges driven by increased interest rates, reduced consumer demand, and broad slowing of economic activity. While 2021 and 2022 challenged ports with increased cargo volumes, in 2023 west coast ports faced declining containerized cargo volumes.

The NWSA is proud to have a diversified business portfolio to offset these challenges and provide financial stability. In 2023, the consolidation of GLOVIS Logistics' automobiles continued to drive high auto imports. While breakbulk cargo volumes reduced from 2022's record-breaking levels, volumes remained high when compared to pre-pandemic years.

Key infrastructure investments continue with Terminal 5 Phase Two construction expected to be complete in early 2024. In 2023, terminals in our gateway added four new Super-post panamax cranes. Both Terminal 5 in the North harbor and Washington United Terminals in the South harbor added two new cranes to increase operational efficiency and cargo capacity in our gateway.

The NWSA is an environmental leader in reducing maritime-related air emissions in the Puget Sound. While we create significant economic activity and family wage jobs across the state, we do so while maintaining a focus on environmental stewardship, installing shore power on our terminals, launching a zero-emissions truck collaborative, and utilizing state-of-the-art stormwater systems at our facilities.

Together, NWSA and our customers' business activities generate more than 21,000 direct jobs and \$0.8 billion of business output based on the most recent study released in 2021 from 2020 data.

The current NWSA's Strategic Business Plan includes:

- Improve the efficiency and cost competitiveness of the supply chain
- Enhance NWSA, local and regional transportation infrastructure
- Advance the NWSA's market position in the international and domestic shipping industry
- Increase revenue through growth and diversification
- Advance environmental stewardship

The NWSA is well positioned to grow market share and will continue to invest in the infrastructure necessary to keep our position as a leading North American port. Our team is focused on promoting responsible financial and environmental stewardship, fostering operational excellence, and increasing business and employment across the region.

John Wolfe  
Chief Executive Officer

## Budget Document Overview

The Budget Document consists of these major sections:

**I. Overview:** This section provides information about the NWSA's facilities and customers. It examines the economic context of the NWSA's operating environment and outlines the NWSA's organizational structure.

**II. Budget Message:** This includes an overview of the budget challenges and opportunities, revenue types and expenditures. The Budget Message outlines the priorities and issues for the budget year and describes changes from the previous year.

**III. Business Outlook:** This section describes the NWSA's overall goals and strategies. It includes assumptions, potential obstacles and trends that staff used to develop the forecast. These serve as the foundation for the Operating Budget.

**IV. Operating Budget:** This section provides a summary of the assumptions that form the basis for the NWSA's operating budget. This section includes the operating budget with revenue and expenses by line of business, and details of expected operating costs. This section also provides a five-year financial forecast for the alliance.

**V. Five-Year Capital Investment Plan (CIP):** The CIP consists of all capitalized and expensed projects that the NWSA plans to complete in the next five years. Capitalized projects affect the NWSA's Profit and Loss statement through depreciation while expensed projects flow directly to the NWSA's net income in the year the expenses are incurred. This section provides details on the CIP including the impact of the capital spending on profitability.

**VI. Environmental Stewardship and Planning:** This section provides a historical context for the environmental challenges facing our gateway and the surrounding communities. This section also discusses the role of the NWSA Planning and Logistics department and its work to integrate land use, transportation and facilities planning into the alliance.

## I The Northwest Seaport Alliance Overview

### Marine Cargo Operating Partnership

The Northwest Seaport Alliance (NWSA) was formed when the ports of Seattle and Tacoma joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region.

### NWSA Strengths and Advantages

Located in the Pacific Northwest in Washington state, the NWSA offers short transit times between the US and Asia, and the terminal and landside infrastructure necessary to quickly move cargo to the U.S. Midwest. NWSA strengths and advantages include:

- One gateway, two harbors and multiple terminal facilities offering more choices for shippers using the gateway.
- Naturally deep-water harbors and marine terminals with big-ship handling capabilities.
- Vessel service from the three international container shipping alliances and all major international container carriers. In all, fourteen international and four domestic container carriers make regular port calls at NWSA facilities.
- Dual service from the two West Coast transcontinental railroads (UP, BNSF) with competitive transit times to Chicago and other major Midwest markets.
- Excellent on-dock rail facilities and inland rail service. Two domestic rail operators.
- Close proximity to the second largest concentration of warehousing on the West Coast.
- Over 100 transload warehouses supplying logistics services to shippers using the gateway, many rail-served.

### International & Domestic Trade

The NWSA ranked 58<sup>th</sup> among the world's top container gateways and was the seventh-largest gateway for containerized cargo in North America in 2022. Retention and growth of cargo volumes

The Northwest Seaport Alliance Budget

shipped between Asia and major distribution points in the Pacific Northwest, Midwest, Ohio Valley, and the East Coast is a primary focus for the alliance. The NWSA also has a very active trade with Alaska and Hawaii.

The NWSA is a major center for bulk, breakbulk, and project cargoes. The NWSA is also the Northwest home port for processing Kia, Mazda, and Mitsubishi automobiles and trucks while The Port of Tacoma has a separate facility, managed by the NWSA, that processes Hyundai, Nissan, and Volvo vehicles.

The value of NWSA's two-way international trade totaled more than \$70 billion in 2022. Imports were \$55.4 billion, and exports were \$14.9 billion. Through June 2023, the two ports handled roughly \$33.2 billion of international trade. Based on dollar value, China (including Hong Kong) was the NWSA's largest trading partner. Other major international trading partners include:

- Japan
- Vietnam
- South Korea
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Philippines

Seattle-Tacoma is recognized as "The Gateway to Alaska"; with more than 80 percent of trade between Alaska and the lower 48 states handled at the two harbors. In 2022, 2.9 million metric tons of domestic cargo were shipped between Alaskan ports and NWSA terminals. Matson, TOTE Maritime Alaska, Northland, and Alaska Marine Lines are the primary shipping lines plying the Alaska trade. Trade with Alaska is estimated at \$5.4 billion, making it NWSA's fifth largest trading partner based on value of trade. The NWSA also provides connections to Hawaii with service from Matson and Aloha Marine Lines.

### Port of Seattle & Port of Tacoma

The Port of Seattle was created September 5, 1911, in an effort by citizens to ensure public ownership of the Seattle harbor. The Port of Seattle was the first autonomous municipal corporation in the United States specifically tasked to develop harbor and port facilities to encourage commerce. The Port

opened Fishermen's Terminal in 1914, its first warehouse in 1915 and began working on the creation of Harbor Island.

The Port of Tacoma was created on November 5, 1918, by the voters of Pierce County to create job opportunities through trade, as well as promote economic development in Pierce County and the state of Washington.

The Port of Seattle and the Port of Tacoma's geographic boundaries lie within King and Pierce counties, respectively. They are situated on Elliott and Commencement bays in Puget Sound. Because of this strategic location, they offer efficient connections to sea, rail, highway, and air transportation networks.

### **King and Pierce Counties**

King and Pierce counties are the first and second most populous metropolitan areas in the state of Washington. The two counties represent a combined population of approximately 3.2 million or 41% of the population of the state of Washington.

Located about halfway between the Oregon and Canadian borders, King and Pierce counties cover 3,916 square miles.

### **Ports' Economic Impact**

The ports serve as a major economic engine for Pierce County, King County, and the state of Washington, creating thousands of family-wage jobs and serving as a catalyst for economic development.

In 2021, the NWSA updated results from a joint economic impact study of the marine cargo activities of the North and South Harbor. According to the updated study ranging from 2017 to 2020, in 2020 the marine cargo activities directly supported 21,800 jobs in Washington state and contributed \$7.8 billion in total business output, down from 2019 volumes due to the pandemic. On average, cargo-handling and leasing activities generated more than \$136 million in local and state taxes in Washington each year.

### **NWSA Facilities and Services**

The ports have licensed to the NWSA facilities related to maritime commerce, including facilities for handling of containerized cargo, automobiles, logs, breakbulk cargo, heavy-lift and project cargoes, as

well as intermodal rail operations. The NWSA's four major waterways – two in Seattle and two in Tacoma – provide 33 ship berths on waterways that are about 51 feet deep. The NWSA facilities are located near I-5 and I-90, providing highway access to the Puget Sound market and beyond.

BNSF Railway and the Union Pacific Railroad serve the NWSA's nine on-dock and near-dock intermodal rail yards. The NWSA's intermodal rail facilities help save shippers and shipping lines both time and money for cargo destined for Midwest locations.

In Tacoma, Tacoma Rail, a division of Tacoma Public Utilities, provides switching and terminal rail service. Arrival and departure tracks help ensure efficient and reliable access to the mainline railroads.

The NWSA is both a landlord and an operating port. The NWSA's maritime marketing efforts focus on attracting cargo and additional shipping lines to its facilities. The NWSA also works with charter shippers and others to move their cargoes through both NWSA and customer-operated facilities in the Puget Sound.

Many of the two home ports' efforts are focused on industrial development and real estate. They each work to attract major manufacturers and warehouse/distribution centers to King and Pierce counties.

See Figures 1-1 and 1-2 for an overview of The Northwest Seaport Alliance facilities located in Seattle and Tacoma, respectively.

### **The Northwest Seaport Alliance governance**

The NWSA was established as a Port Development Authority (PDA), separate from the two home ports, similar to Public Development Authorities formed by cities and counties. In 2015, the ports successfully sought and received an amendment to Washington law RCW 53 that allows the ports of Tacoma and Seattle to form a PDA for management of maritime activities.

The NWSA is governed by the two ports as equal members, with each port acting through its elected commissioners. Each Port Commission is a Managing Member of the NWSA, with each Managing Member being represented by its Port Commission. Votes by the Managing Members require a simple majority from each commission.

Each port remains a separate legal entity, independently governed by its own elected commissioners. Each port has granted to the PDA a license for the PDA's exclusive use, operation, and management of certain facilities, including the collection of revenues. Ownership of the licensed facilities remains with the ports, not the PDA.

The ports remain responsible for their own debt and debt service; the PDA will not borrow funds.

The ports set up an initial 50/50 investment in the PDA; operating income is reported, and cash is distributed back to the ports on a monthly basis. The PDA has its own annual operating budget and five-year capital investment plan.

The ports contribute to capital construction subject to Managing Members approval; capital funding does not come from working capital generated by the NWSA.

### **NWSA Managing Members**

The Managing Members are the commissions for each of the two home ports. The citizens of Pierce and King counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle. Each Commission seat is elected every four years, on a staggered basis.

The Managing Members are the final authority for approval of the NWSA's annual budget, long-term leases, policies, long-range development plans, and all construction projects and spending in amounts exceeding the authority of the Chief Executive Officer.

The members of the commissions at the time of this publication are:

#### Port of Seattle

- Ryan Calkins
- Sam Cho
- Fred Felleman
- Toshiko Hasegawa
- Hamdi Mohamed

#### Port of Tacoma

- Kristin Ang
- Deanna Keller
- Dick Marzano
- John McCarthy
- Don Meyer

### **NWSA Managing Members Meetings**

Managing Member meetings are open to the public and are held at various locations in both King and Pierce counties and online.

For the location and agenda for upcoming Managing Member meetings, as well as minutes for previous Managing Member meetings, visit [www.nwseaportalliance.com](http://www.nwseaportalliance.com).

The NWSA streams all Managing Member meetings live on the website, which are archived for future viewing.

Citizens may contact the Managing Members by calling 800-657-9808. Correspondence may be mailed to:

The Northwest Seaport Alliance  
P.O. Box 2985  
Tacoma, WA 98401-2985

### **Organizational Structure**

The NWSA's daily operations are led by the Chief Executive Officer and the NWSA Executive Team. See the Organizational Chart (Figure I-3 on page I-8).

### **Executive Team**

The Executive Team is comprised of the following positions:

- Chief Executive Officer (CEO)
- Deputy CEO
- General Counsel
- Chief Commercial and Strategy Officer
- Chief Financial Officer
- Chief Operations Officer
- Director of Engineering
- Director of Environmental/Planning Programs
- Director of Communications
- Director, Government Affairs, Public Affairs
- Director, Business Development
- Director, NWSA Real Estate

The Executive Team oversees all business activities and departments, and with the Managing Members,

provides long-term strategic direction. The Executive Team ensures compliance with all regulations relevant to NWSA and port activities, including public meetings and information, environmental protection, labor relations, procurement, security, financial management and other issues. The Chief Operations Officer, Director of Engineering and Director of Environmental Programs provide day-to-day management of some port staff working on both Port and NWSA-related items.

### Commercial Group

Led by the Chief Commercial and Strategy Officer, the Commercial Group is comprised of the Business Development team, the Marketing & Business Services team, and the Real Estate team.

**Business Development:** International and domestic container, breakbulk, and bulk cargo are core business segments for the NWSA. The Business Development team is responsible for cargo and terminal business development and management, and delivering customer service to ocean carriers, marine terminals, and shippers. The Business Development team plays an important role coordinating efforts across the entire supply chain, including customers, terminal facilities, railroads, and trucking companies. This team, in cooperation with the Operations Team and our customers, identifies and implements operational improvements to enhance the overall efficiency at the NWSA's terminals.

The gateway's on-dock and near-dock intermodal rail yards, along with international and domestic rail services to the U.S. Midwest, are key assets and an integral part of the NWSA business. Relationship management with Tacoma Rail, BNSF, and Union Pacific (UP) and other rail stakeholders is a key function of this team.

While a significant portion of the Business Development team is focused on the container and associated intermodal business, the NWSA also has a robust non-container business. Comprised of breakbulk (Roll-on/Roll-off, also known as RoRo), bulk and auto cargoes, these non-container segments make a significant contribution to revenue and further diversify the gateway's business portfolio. Additionally, the NWSA's Tacoma Harbor is designated as a strategic military port for transport of military cargoes.

Auto customers of the NWSA include Kia, Mazda,

and Mitsubishi. Automobile imports are processed on property leased by Auto Warehousing Company (AWC), the largest auto processor on the U.S. West Coast. The Port of Tacoma has a separate auto facility leased by Wallenius Wilhelmsen Solutions, which processes Hyundai, Nissan and Volvo imports.

Exports of petroleum products and molasses add to the diversified cargo mix.

The NWSA offers competitive rates and full service to all customers. To help facilitate and grow the cargo business, the NWSA has trade and business development representation in China and Korea.

**Marketing and Business Services Team:** This team supports the Business Development team and is responsible for market research and business intelligence and analysis, marketing, and advertising activities. It also supports the goals of the Commercial Group with cargo volume tracking and volume forecasting services.

**Real Estate Team:** Non-terminal industrial and commercial properties and facilities in the Seattle and Tacoma harbor are included in the assets assigned to the NWSA. These properties are a significant source of revenue for the NWSA. Real estate personnel are responsible for leasing, divesting and managing the Port's real estate portfolio.

Located in an industrial zone with room for growth, tenants offer a broad range of services for the NWSA's international and domestic customers including warehousing and distribution, manufacturing and marine services.

### Operations Group

The Operations Group, which is responsible for the daily operations of NWSA facilities at both ports, consists of two departments.

The Operations Service Center Department coordinates vessel arrivals and departures, and with the associated stevedores monitors cargo flow in the container terminals. The major focus is to ensure the proper processing of all vessels and freight shipments moving through the Puget Sound gateway.

The Port Operations Department manages labor at the North Intermodal Yard and breakbulk terminal, both of which are located in Tacoma. This

department is also responsible for providing customer service to non-container customers. The NIM is the only port-operated intermodal yard on the U.S. West Coast with dedicated rail services personnel. Both harbors offer competitive rail service via BNSF Railway and the UP Railroad and are a major gateway for handling discretionary cargo destined for the Midwest.

### **Support Services**

Support services such as maintenance, security, government affairs, communications, engineering, environmental programs, planning and financial services are provided by NWSA staff and / or service agreements between the alliance and the two ports. Costs for these services are charged by the ports to the alliance based on agreed upon methodologies including direct charge and purchased services.

### **Commitment to Fiscal Stewardship**

The NWSA is intended to support the credit profiles of both ports, and its financial framework is intended to preserve both ports' commitment to financial strength and fiscal stewardship.

Both ports have a solid track record of prudent financial management and strong financial results, including solid debt service coverage and ample liquidity balances.

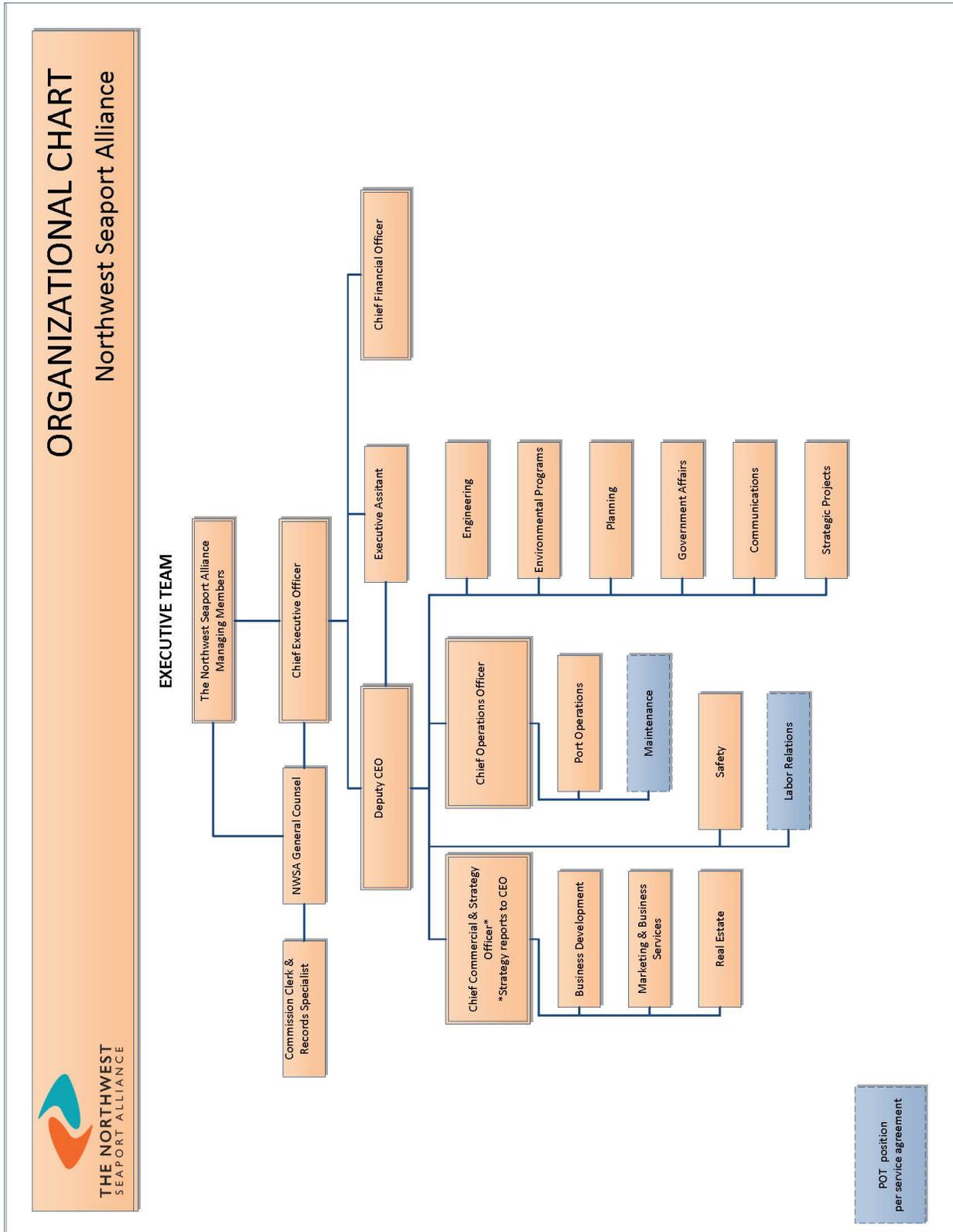
The ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. Outstanding bonds will remain obligations of each individual port.

To maintain the rights of each port's existing bondholders, the charter prohibits the NWSA from issuing debt.





Figure I-3.... The Northwest Seaport Alliance Organizational Chart



## II Budget Message

### NWSA Goals

The NWSA has identified strategic initiatives to maintain and grow the maritime business in the Puget Sound. The high-level strategic initiatives, and supporting priorities are listed below:

1. **Commercial Initiatives**
  - a. Complete modernization of T5 dock, berth and power infrastructure in the Seattle Harbor to meet future container industry demand, increase throughput, and position the gateway strategically.
  - b. Maximize gateway cargo potential and diversification and enhance supply chain networks. Facilitate terminal densification to increase cargo throughput.
  - c. Evaluate incentive programs to increase market share.
  - d. Engage in US Coast Guard expansion decision to maximize industrial lands in the Seattle harbor.
2. **Gateway Operations**
  - a. Enhance cargo and transportation (waterway, roadway and rail) efficiencies within the gateway to drive improved service delivery.
  - b. Enhance and improve service delivery key performance indicators (KPIs) with a move toward real-time reporting and analytics.
  - c. Support port-area infrastructure investments that support the efficient flow of cargo to and from NWSA facilities.
  - d. Work with third party vendors and key stakeholders to enhance data visibility in a sustainable and fiscally responsible manner.
  - e. Explore NWSA operations of off-dock terminal.
3. **Financial Performance**
  - a. Effectively manage operating activities to deliver expected financial results.
  - b. Maximize use of grants and other external funding.
4. **Environmental Stewardship**
  - a. Continue to implement the NW Ports Clean Air Strategy
5. **Facilities Development**
  - a. Continue and strengthen efforts to work with marine terminal operators, drayage service providers, railyard operators, and other supply chain partners to reduce air and climate emissions from vessels, vehicles, equipment, and seaport operations.
  - b. Continue to engage in international efforts to advance cleaner shipping, including the creation of “green corridors” with major trade partners.
  - c. Continued focus on water quality at NWSA and tenant run facilities. Provide input regarding 2025 Industrial stormwater General Permit (ISGP) requirements.
6. **Government Affairs**
  - a. Effectively manage completion of all development projects on-time and within budget.
  - b. Support emergent business opportunities requiring facilities improvements.
  - c. Advance redevelopment strategies for existing terminals, including rehabilitation and shore power.
7. **Planning and Logistics**
  - a. Continue engagement and advocacy in regional transportation and land use planning.
  - b. Complete vulnerability assessment and response framework for NWSA facilities
  - c. Leverage grant opportunities to fund strategic cargo related facilities and infrastructure.
  - d. Support harbor deepening and maintenance dredging in both harbors
8. **Organizational Performance**
  - a. Engage and participate in Diversity, Equity and Inclusion (DEI) training.
  - b. Continue development and implementation of human resource applications that enhance the business and provide a competitive advantage.

## Budget Environment

The NWSA operates principally in two industries: terminal services and property rentals. Terminal services involve marine-oriented services including dockage, cargo-handling, storage and related activities. Property rentals include facilities and land used for container terminals, industrial activities, and storage.

As described in further detail in Section III, increased competition from Canadian ports as well as ports located on the U.S. West, Gulf and East coasts, has negatively impacted container market share for the Puget Sound gateway. The expansion of the Panama Canal and access via the all-water route to the Gulf and East coasts offers an alternative for US-bound shipments. While the pandemic driven market demand resulted in high utilization of our terminals, NWSA staff continue to work on future projects to retain and grow our market share.

## Revenues

The NWSA has both fixed and variable revenue streams. The majority of NWSA's revenue comes from fixed revenue streams, primarily from leased properties. The leased properties are mainly container terminals, buildings, and industrial and commercial land. The NWSA's container terminal leases with shipping carriers can last 20 years or longer depending on carrier requirements. Building and land leases with more than one-year remaining are considered fixed. Minimum crane hours and minimum intermodal lift requirements specified in certain terminal leases are considered fixed.

The balance of NWSA revenue comes from variable services provided to customers. These services include intermodal lifts for railcar loading above specified minimums and per unit charges for automobile unloading and breakbulk cargo. Variable revenues also include equipment rental on an hourly basis for crane hours above specified minimums and on straddle carriers used by terminal leaseholders, and month-to-month building or land leases.

GASB 87: GASB 87 move a significant amount of revenue from Operating Revenue to non-operating revenue. For clarity and to avoid confusion, the impact of GASB 87 will not be incorporated into this budget document.

## 2024 Budget

The NWSA has developed an overall operating budget with projected revenue of \$252.8 million. Operating income is budgeted to be \$99.3 million, resulting in an operating margin of 39.3 percent. The NWSA net distributable revenue of \$114.3 million, which includes grant and interest. Distributable Cash of \$143.7 million will be shared evenly between the two home ports. Each port's portion of net income will be included as revenue in their financial reports.

NWSA financial performance reflects the investments it is making to successfully complete our customer commitments while meeting the NWSA financial goals. The operating and capital budgets are based on the cargo forecast in Section III.

## Capital Investment Plan Highlights

NWSA projects for the next five years reflect a focus on strategic container terminal development in both harbors. With this focus the NWSA has reviewed potential assets for revenue generation to ensure that financial and economic growth goals are met.

Major 2024 – 2028 capital projects include:

### Seattle Harbor

- Completion of the 2<sup>nd</sup> berth and other improvements at Terminal 5
- Design of Terminal 18 shore power installation and wharf rehabilitation

### Tacoma Harbor

- Husky shore power installation
- Design of Berth deepening at 2 terminals
- PCT reefer expansion and fender replacement
- Ongoing maintenance of facilities

### Both Harbors

- Clean air and stormwater investments
- Asset preservation projects such as paving and fender repairs
- Maintenance dredging at multiple terminals in both harbors

The NWSA's 2024 Capital Investment Plan of \$174.2 million represents the first year of the NWSA's 2024 - 2028 CIP – a package totaling \$501.3 million in new projects and investments. See Section V for additional details on the Capital Investment Plan.

## Financial Measures

Financial measures for the NWSA have been developed to monitor financial performance. The two measures are (1) Net Distributable Cash and (2) Return on Revenue (operating income divided by revenue). These measures help ensure that the NWSA is providing the necessary financial performance required by each home port.

## Legislative Impact

### Transportation Funding

The NWSA relies on an efficient and well-maintained road and rail network to ensure the smooth movement of cargo to and from its facilities.

The Washington Legislature made a significant commitment to infrastructure in 2015, passing the 16-year, \$16 billion statewide *Connecting Washington* transportation package. An estimated \$3.3 billion of those funds will be invested in projects benefiting NWSA terminals. In 2022, the Legislature passed the *Move Ahead WA* transportation package, which contained an additional \$468 million to address financial shortfalls in some of the port-related projects contained in *Connecting Washington*.

In 2021 Congress passed the Infrastructure Investment and Jobs Act (IIJA), a \$1.2 trillion infrastructure funding bill. The IIJA includes over \$5 billion over five years exclusively for port projects and \$20.5 billion for three other major discretionary grant programs to help fund multimodal infrastructure.

The IIJA funds will assist the NWSA in making strategic investments in mission-critical freight infrastructure, such as marine terminals, roads and rail. In 2020 the NWSA received our first award under the Port Infrastructure Development Program (PIDP), a \$10.7 million grant for the final phase of the T5 modernization program. In 2021, Port of Tacoma received \$15.7 million for the Off-Dock Container Support Facility, which will support cargo movement through NWSA terminals. NWSA received a \$17 million PIDP grant in 2022 for gate improvements and a yard expansion at Terminal 5. The NWSA also submitted a PIDP grant application for \$56.6 for the Husky Terminal Expansion project.

In addition, in 2022 Congress passed the Inflation Reduction Act. The bill includes \$3 billion over five years to establish a new grant program for zero-

emissions port projects that will support the NWSA's clean air programs.

NWSA hired additional grant support staff and has a substantial planning process to identify additional candidate projects for these new funding opportunities.

### Shore Power Infrastructure Funding

Through the 2020 update to the Northwest Ports Clean Air Strategy, the NWSA established an aspirational goal to install shore power at its major international container terminals by 2030. In support of this goal, shore power has previously been installed at TOTE Terminal and Terminal 5. The NWSA has also begun construction on a shore power system at Husky Terminal, with construction completion estimated for mid-2024, and is designing a shore power system for Terminal 18 and Washington United Terminal.

The NWSA has leveraged a number of sources of external funding to support the shore power installations that are underway. The NWSA has accepted a \$1 million DERA grant from the EPA, a \$1 million grant from the TransAlta Coal Transition grant fund, and a \$1.1 million state Volkswagen settlement grant from the Washington State Department of Ecology to support the Husky shore power project. Additionally, the NWSA has received a \$2 million grant from the Washington State Department of Ecology to support design and construction of a shore power system at Terminal 18. The alliance also secured \$14 million in a state transportation budget proviso for construction of the project, relying on revenue generated by the state's Climate Commitment Act.

The NWSA continues to plan for future shore power installations, ensure that terminal designs and redevelopments include shore power, and pursue additional opportunities to leverage external funding to support shore power installations. Planning work associated with future shore power projects will allow the NWSA to accurately account for them in the Capital Investment Program and position the organization well to apply for external funding. NWSA staff expect the number and magnitude of external funding opportunities to increase in the coming years, given recent legislation that has been passed at the state and federal level. Some of these emerging opportunities are the Washington Climate Commitment Act, the federal Infrastructure Investment and Jobs Act and the federal Inflation Reduction Act. NWSA staff will aggressively pursue all funding avenues to advance the shore power program.

### Navigation Improvement Projects

The largest container vessels calling West Coast ports today have over two times the capacity of those that called just five years ago. While channels serving Seattle and Tacoma are mostly -51 feet or deeper, some shallower spots present navigational and safety challenges for these larger vessels. To remain a competitive trade gateway, the NWSA is deepening berth areas and working with the ports of Seattle and Tacoma to deepen the navigation channels that serve its facilities in both harbors. These projects will enable the NWSA to handle fully laden ships larger than 18,000 TEUs.

In 2018, the U.S. Army Corps of Engineers (USACE) completed a chief's report recommending deepening in specific areas adjacent to the NWSA's container terminals in Seattle Harbor. Congress subsequently authorized the project in 2018 and the full amount required to deepen the West Waterway portion of the project has been appropriated. Design will commence in earnest when the Port of Seattle signs the design agreement with USACE, which is expected in Fall 2023.

Additionally, after completion of a feasibility study in 2022, Congress authorized a project to deepen the Blair Waterway, which serves NWSA's three international container terminals in Tacoma. Congress funded the first year of design in FY23. Funding for the second year has been included in the Senate's FY24 spending proposal.

The ports of Seattle and Tacoma have included funding needed to complete the design phase for both projects in 2026. When the deepening projects move to construction it also will require a local financial match of federal dollars, which will come from the Port of Seattle and Port of Tacoma.

### Harbor Maintenance Tax (HMT)

The HMT is assessed on ocean-going international imports that land at U.S. ports to pay for maintenance dredging of waterways through the Harbor Maintenance Trust Fund. It is not, however, assessed on importers who route cargo through non-U.S. ports and afterwards move the cargo into U.S. markets by land. Moreover, the NWSA has received little, if any, benefit from the fund because its facilities are located on natural deep-water harbors that do not require significant maintenance dredging. Since 1986 the ports

of Seattle and Tacoma have sought reform of the HMT to provide a greater return to donor ports, such as the NWSA, and to ensure U.S. tax code does not disadvantage U.S. ports and maritime cargo.

A longstanding goal was achieved in December 2020 when Congress passed comprehensive HMT reform legislation as part of the Water Resources Development Act (WRDA) of 2020. The bill sets aside 8% of annual HMT collections for donor ports like Seattle and Tacoma. Unfortunately, the donor port provision was not implemented as it was intended in the USACE FY23 Work Plan. Efforts are underway to ensure this funding is distributed in FY24. If implemented as drafted, the NWSA estimates that between them the two home ports of Seattle and Tacoma could receive approximately \$40 million in 2024 for eligible projects. Annual amounts will vary based on the amount of HMT received and the amount collected over a three-year time period.

In 2023 the Port of Seattle received \$2.714 million, and the Port of Tacoma received \$3.364 million from the federal government through the existing WRDA Section 2106 HMT donor port program. These funds will be used by the NWSA or home ports to fund eligible infrastructure projects to enhance the competitiveness of our cargo operations.

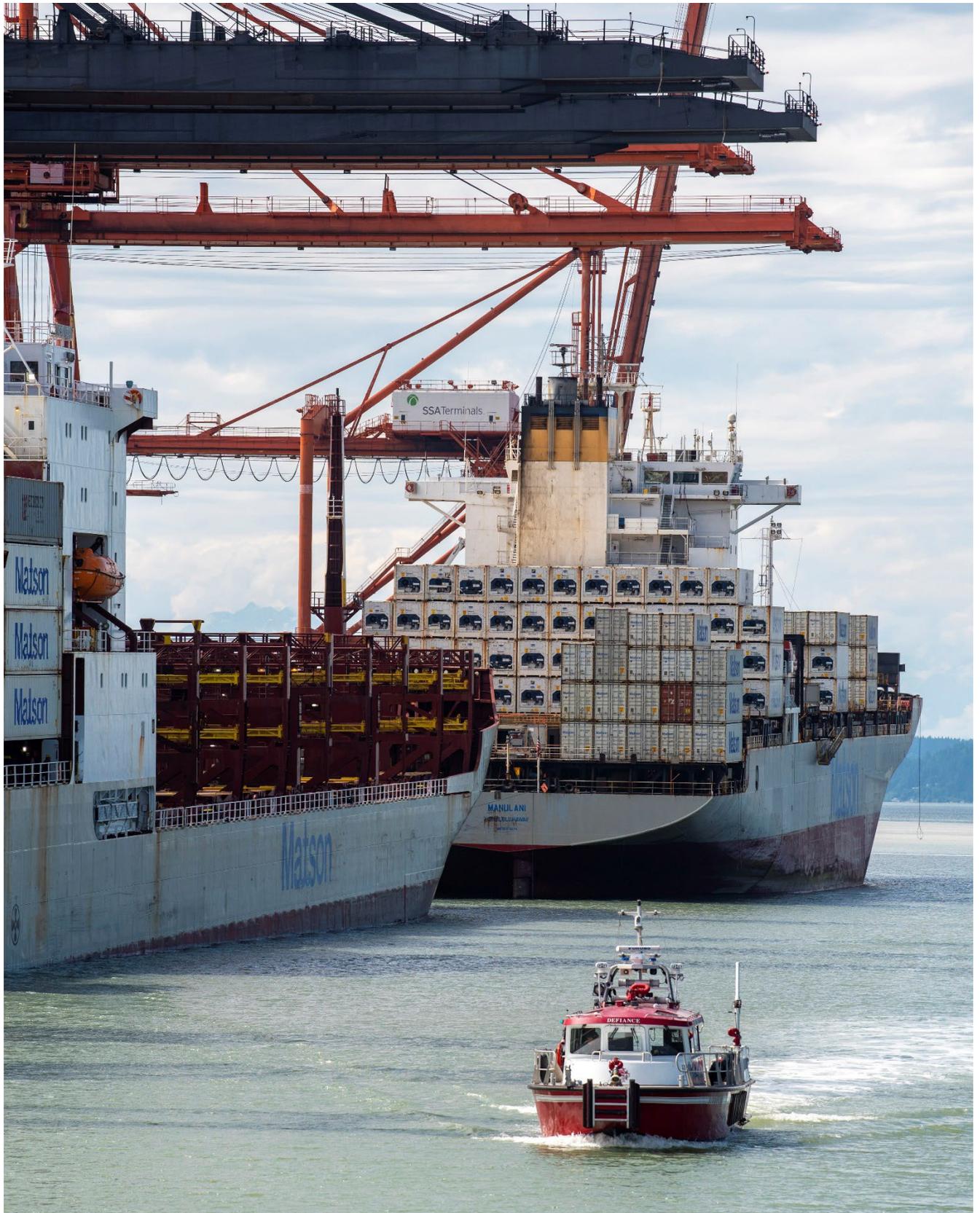
### **Conclusion**

The realities of the drastic changes in the global economy have led all ports to examine business and operational strategies.

The NWSA is focused on maximizing the use of existing facilities, working with existing customers to keep them competitive and successful, attracting new business and making strategic infrastructure investments such as the construction of world class terminals in both harbors that position the gateway for long-term growth. Through coordinated investments in maritime assets, the NWSA will help ensure the growth in the flow of cargo throughout the Puget Sound.

The NWSA is placing increased emphasis on the importance of developing and strengthening relationships with labor partners, industry stakeholders, customers, local, state and tribal governments and near-port communities to collaboratively achieve its future vision. This vision includes the road and rail infrastructure that ties the whole supply chain system together.

Despite the challenging realities of today's global economy, NWSA management is confident that the plans outlined in this budget will help the gateway remain financially strong, competitive, and successful.



Domestic cargo ships in the Sitcum waterway, with a City of Tacoma fire boat passing by

### III Business Outlook

#### U.S. Economy

According to the Department of Commerce Bureau of Economic Analysis (BEA), real gross domestic product (GDP), defined as the value of the production of goods, increased 4.7 percent in the second quarter of 2023 and 6.1 percent in the first quarter of 2023. BEA said, *“The increase in real GDP reflected increases in consumer spending, nonresidential fixed investment, state and local government spending, private inventory investment, and federal government spending that were partly offset by decreases in exports and residential fixed investment.”*

TTX, a railcar and freight management company, reports GDP as 2.4% in the second quarter and 2% in the first quarter. TTX cites, *“Solid economic fundamentals in the form of consistent consumer spending, a strong labor market, persistent business investment and improving inflation have offset headwinds from elevated interest rates, weaker trade activity and tighter financial conditions,”* as the causes for the increase.

Inflation levels in the second quarter of 2022 were the highest since 1981. By the end of the second quarter of 2023, personal consumption expenditures (chain-weighted CPI) had fallen to 3.0% year-over-year and the core inflation rate reached 4.1%. According to TTX, real disposable income grew at a faster annual rate than headline inflation.

In addition, inflation-adjusted retail inventories are around 1% higher than pre-pandemic levels. Excluding motor vehicle and parts inventories, retail inventories were around 14% higher than the pre-pandemic peak and almost 24% higher than the 20-year average.

Western economies are showing a softening in their inflation metrics due to declines in commodity prices, the normalization of supply chains, and the effects of increased interest rates. Interest rate trends in Latin America are showing signs of deceleration. In Asia, inflation is easing in India, South Korea, and the Philippines. China is close to experiencing deflation due to a slowdown in domestic consumer demand. Most major economies are showing signs of slowing.

TTX is forecasting North American containerized  
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imports will decline 12.9% and intact intermodal volumes will decline 8.2%.

The U.S. unemployment rate was at 3.5 percent in July 2023 with 187,000 jobs added for the month. According to the Bureau of Labor Statistics, *“Job gains occurred in health care, social assistance, financial activities, and wholesale trade.”*

According to the National Association of Realtors (NAR), existing home sales fell 2.2% in July. Lawrence Yun, NAR’s chief economist, suggested that two factors are driving current sales activity – inventory availability and mortgage rates. Unfortunately, both have been unfavorable to buyers.

The Conference Board reported July 2023 Consumer Confidence Index at 117.0, up from 110.1 in July, reaching its highest level since July 2021. The Conference Board’s Chief Economist Dana Peterson attributed the improvement to consumers sentiment about both current conditions and expectations for the future.

#### Shipping Industry

Uncertainty created by the protracted U.S. West Coast labor contract negotiations that began in 2022 resulted in many shippers diverting cargo to the east coast to mitigate supply chain risk. There was limited impact to Port operations during negotiations, but a six-year contract was eventually reached and ratified. Negotiations between longshore labor and management in British Columbia also impacted NWSA to a limited extent as several ocean services call at terminals in both British Columbia and Seattle-Tacoma. Eventually, ILWU labor in British Columbia ratified a four-year contract.

Due to strong import demand in 2022, carriers launched niche services. Import demand has softened versus last year as BCOs focus on reducing their inventory, so the niche services have been terminated until demand increases again.

The U.S.-China trade war and the pandemic caused importers to accelerate efforts to shift sourcing and production to countries in SE Asia or use a “China + 1” strategy to diversify the risk associated with being

solely reliant on China. There has been a corresponding increase in manufactured imports from Vietnam and other SE Asian economies. In many cases, origin and transshipment ports in SE Asia are geographically closer (and transits shorter) to the U.S. East Coast, which may result in a partial shift of Asian import volume away from west coast ports. With that said, it will take some time before these countries can meet the infrastructure and skilled labor China offers. Russian's invasion of the Ukraine has added to geopolitical uncertainty. The Panama Canal experienced drought in 2023, which caused vessel back up.

In 2023, the composition of carriers that make up the various shipping alliances:

- Ocean Alliance – CMA CGM, COSCO Shipping, Evergreen, OOCL
- THE Alliance – Hapag Lloyd, Yang Ming, Ocean Network Express (ONE), HMM

Major Independent Carriers – Maersk, MSC, Westwood, Swire, Hamburg Sud, and SM Line.

Alliances have concentrated capacity in fewer hands allowing ocean carriers to exercise greater control over capacity on major trade lanes through coordinated changes to vessel sailings, schedules, and transit times.

### **Northwest Seaport Alliance Activity**

#### Containers:

Through July 2023, the NWSA has handled nearly 1.6 million TEUs (twenty-foot equivalent units), a 21.1 percent decrease year-to-date. Year-over-year comparisons continue to reflect the pandemic-driven conditions of 2022 and ongoing soft import demand relative to 2022.

NWSA container volume is projected to increase in 2024 once Terminal 5 Phase 2 (North Harbor/Seattle) is complete. In addition, some volume diverted to East Coast ports during the West

Coast labor negotiations are expected to return now that the labor situation has settled. Negotiations between longshore and management for a new labor contract for East and Gulf Coast ports is underway, but similarly may result in a shift in volume to the West Coast until an agreement can be reached. However, continued inflation and high interest rates, which reduce consumer spending, could negatively impact the forecast. Competition from ports in British Columbia, Canada and other North American gateways or a protracted decline in global trade due to increased trade friction or other geopolitical events could limit container volume.

#### Breakbulk:

Breakbulk cargo is comprised of commodities that are either too large or heavy for containerized shipment. In the case of The Northwest Seaport Alliance, this consists largely of building materials, heavy machinery, boats, and agricultural and construction equipment. 2022 was a record-breaking year for NWSA-operated terminals. Breakbulk tonnage (both harbors) is estimated to reach approximately 465K metric tons in 2023, followed by growth in 2024.

#### Autos:

NWSA/POT auto units for 2023 are forecasted to reach 331K units, due to new business. 2024 volumes are expected to grow more modestly to 360k units.

#### Logs:

The Log business was suspended due to the tariffs and has not been included in the forecast or budget.

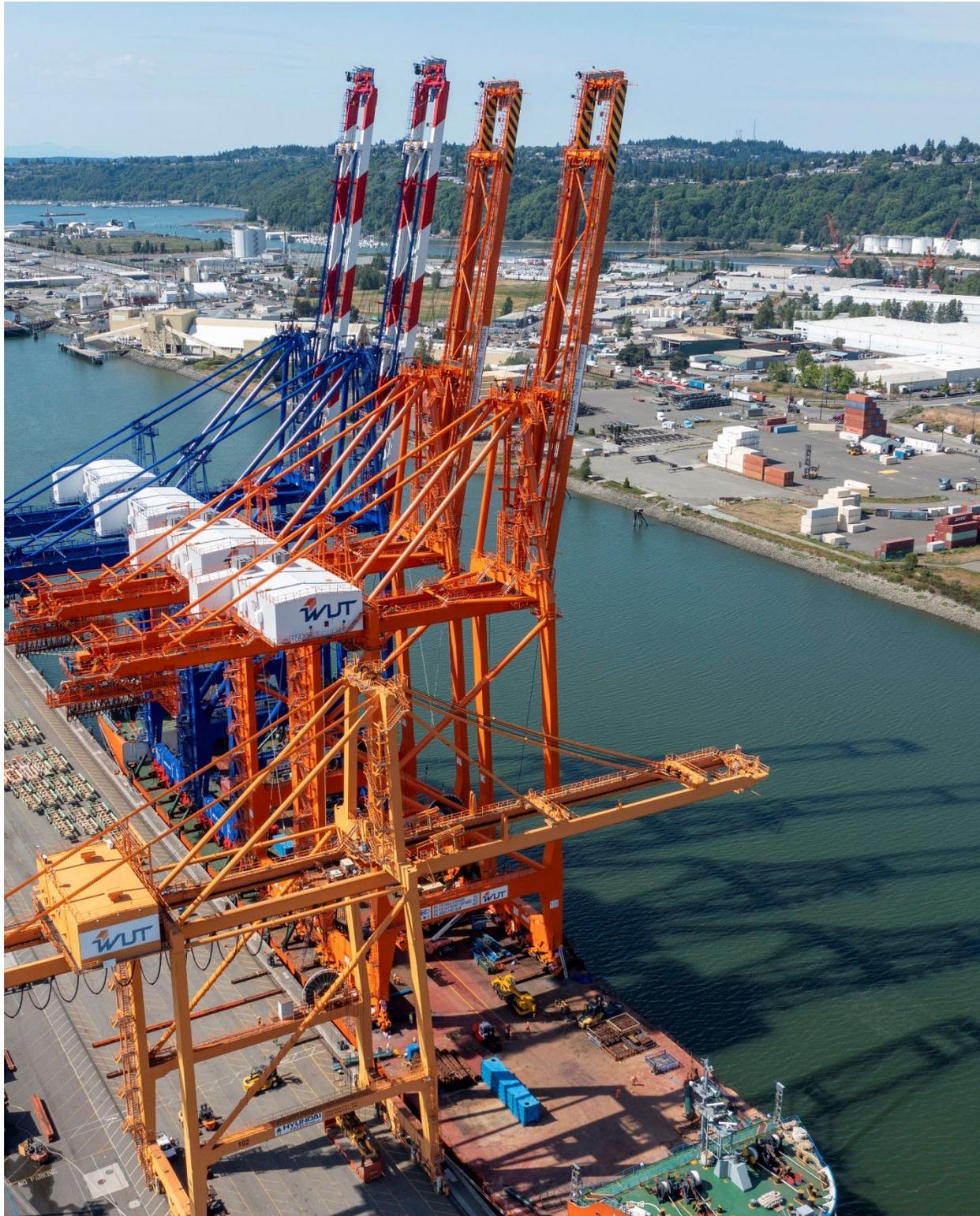
#### Molasses & Petroleum:

Petroleum volumes are forecasted to be 761K metric tons in 2024 with conservative growth thereafter. Molasses volumes are forecasted to be 29K metric tons in 2024 with slight growth thereafter.

Table III-1.... Cargo Activity Five-Year Forecast

<b>THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST</b>											
	Actual					Forecast					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Non-Container Forecast (Thousands of Metric Tons)</b>											
Breakbulk	249	246	292	366	478	466	469	478	488	497	507
Autos	228	306	245	262	288	514	555	561	566	572	578
Logs	117	76	0	0	0	0	0	0	0	0	0
Petroleum	666	636	677	524	709	757	761	765	769	773	776
Molasses	46	47	42	33	32	29	29	29	29	29	30
<b>Total Tonnage</b>	<b>1,305</b>	<b>1,311</b>	<b>1,256</b>	<b>1,186</b>	<b>1,507</b>	<b>1,766</b>	<b>1,814</b>	<b>1,833</b>	<b>1,852</b>	<b>1,871</b>	<b>1,891</b>
<i>Year over Year change</i>	-10.9%	0.4%	-4.2%	-5.6%	27.1%	17.2%	2.7%	1.0%	1.0%	1.0%	1.1%
<b>Container Forecast (Thousands of TEUs)</b>											
International	3,111	3,058	2,636	2,992	2,650	2,028	2,108	2,138	2,180	2,246	2,313
Domestic	686	717	685	744	734	701	703	710	717	724	731
<b>Total TEUs</b>	<b>3,798</b>	<b>3,775</b>	<b>3,320</b>	<b>3,736</b>	<b>3,384</b>	<b>2,730</b>	<b>2,811</b>	<b>2,848</b>	<b>2,897</b>	<b>2,970</b>	<b>3,045</b>
<i>Year over Year change</i>	3%	-0.6%	-12.1%	12.5%	-9.4%	-19.3%	3.0%	1.3%	1.8%	2.5%	2.5%
<b>Intermodal Yard Lifts*</b>											
Hyundai Intermodal Yard	112,731	124,778	85,401	125,228	101,828	123,071	123,071	125,532	128,043	130,604	133,216
North Intermodal Yard	177,380	178,205	147,269	159,023	91,583	88,831	88,831	90,608	92,420	94,268	96,154
South Intermodal Yard	99,954	86,271	89,529	102,168	121,561	130,178	130,178	133,842	137,612	141,489	145,478
Pierce County Intermodal Yard	62,959	71,310	45,684	27,856	33,926	34,330	34,330	35,017	35,717	36,431	37,160
<b>Total Intermodal Lifts</b>	<b>453,024</b>	<b>460,564</b>	<b>367,883</b>	<b>414,275</b>	<b>348,898</b>	<b>376,410</b>	<b>376,410</b>	<b>384,999</b>	<b>393,791</b>	<b>402,793</b>	<b>412,008</b>
<i>Year over Year change</i>	-4.3%	1.7%	-20.1%	12.6%	-15.8%	7.9%	0.0%	2.3%	2.3%	2.3%	2.3%
<b>Log Board Feet</b>	<b>23,161,000</b>	<b>15,192,000</b>	<b>0</b>								
<i>Year over Year change</i>	-56.1%	-34.4%	-100%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Vehicle Units (NWSA+POT)</b>	<b>146,147</b>	<b>191,822</b>	<b>156,205</b>	<b>162,484</b>	<b>172,979</b>	<b>331,774</b>	<b>360,459</b>	<b>364,064</b>	<b>367,704</b>	<b>371,381</b>	<b>375,095</b>
<i>Year over Year change</i>	-0.5%	31.3%	-18.6%	4.0%	6.5%	91.8%	8.6%	1.0%	1.0%	1.0%	1.0%

\* Intermodal Lifts Reported for South Harbor only



Washington United Terminals welcomes new cranes to their terminal

## IV Operating Budget

### Overview

The NWSA operating budget revenue is based on cargo volume forecasts (see Table III-1), existing terminal and property leases and contractual and tariff-generated revenue. Operating budget expenses were projected based on historical information, as well as levels of expenditures required to support the increases in revenue.

From this information, NWSA staff prepared a realistic budget that supports both the strategic priorities and financial goals of the NWSA.

Departmental budgets estimate expenses that will be generated in support of the NWSA and its businesses. Expenses fall into one of five categories: Administration, Operations, Security, Environmental or Maintenance. Administration expenses are incurred in the day-to-day management of the NWSA. Operations and Maintenance expenses support the day-to-day management of business activities. Security support is provided by each home port. Environmental expenses are a subset of overall environmental spending, and include clean air and clean water activities, and close coordination with each home port on compliance and monitoring activities.

Business budgets are projections of revenues earned and expenses incurred in the operation of a particular business line. In addition, the NWSA expects to receive funds from other sources including user fees, and investment earnings.

Although capital project spending is planned within the capital budget, capital projects will impact operating budgets for future years through new sources of revenues and increased operating expenses and depreciation costs.

### Nature of Business

Washington law authorizes ports to provide and charge rents, tariffs and other fees for docks, wharves, and similar harbor facilities, including associated storage and traffic-handling facilities for waterborne commerce. Ports also may provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. Finally, ports may acquire and improve lands for sale or lease for industrial or commercial purposes and may create industrial development

districts.

The NWSA is a joint venture that operates with the two ports as enterprise funds, allowing the NWSA and the ports to operate in much the same manner as a private business. Operating revenues are comprised of charges to its customers to cover costs associated with the service provided and to support investment in future projects.

### Balanced Budget

Based on the Government Finance Officers Association (GFOA) Recommended Budget Practices, a balanced budget “is a basic budgetary constraint intended to ensure that a government does not spend beyond its means.”

The NWSA defines “balanced budget” in the following way: Total revenues are sufficient to cover operating expenses for the budget year and to offset the cost of capital investments (depreciation) and anticipated debt costs for any planned future capital investments.

The NWSA uses the full-accrual basis for budgeting, consistent with the basis for accounting. This method recognized the financial effect of events that impact the Port during the accounting period, regardless of whether cash was received or spent.

### Budget Process

The NWSA budget is a guideline used by management to direct strategic and tactical operations. Typically, more projects and spending are budgeted than may actually occur. This conservative approach ensures that the NWSA’s financial goals are still met if business conditions support the full budgeted spending.

The NWSA operates on a calendar year budget cycle that must integrate the budget schedule needs of both home ports. The operating budget and the capital budget are the NWSA’s plan for meeting the current needs of its customers, and for implementation of the strategic goals.

The annual budget development begins in June and continues through November. The process begins with the development of strategic objectives and initiatives, which are reviewed by the Managing Members and the Chief Executive Officer. The Managing Members and Chief Executive Officer communicate any strategy changes or policy concerns and gather additional input.

Cargo forecasts, available at the beginning of the budget

process, are used to develop the variable portion of the operating budget. During a study session, the Managing Members are presented with a draft budget.

In November, a public hearing is held by each home port to allow for public comment, and to adopt the statutory budget and approve the property tax levy for the home ports. The NWSA's operating income is split evenly between the ports and is shown as revenue to the home ports. After the home port Commission approves and adopts its statutory budget, it is submitted, with the related home port resolutions, to the respective County Councils and Assessor Treasurer offices.

### Major Assumptions

Major drivers of the 2024 operating budget are a result of economic and industry trends represented in the cargo forecast.

### Revenue

- Existing leases continue per existing lease terms and contracts
- Cargo volumes drive equipment and intermodal revenues and expenses
- Auto and breakbulk imports continue to provide revenue diversity
- Tariff rates are projected to increase between 3% and 5%
- Property lease rental rates will increase as specified in contracts

### Direct Expenses

- The NWSA has direct headcount of 62 positions. Salaries are expected to increase by between 5% and 7%
- Major operating expenses include construction of non-NWSA owned infrastructure needed for the development of Terminal 5, and ongoing maintenance of terminal paving, bulkheads and fender systems
- Depreciation for licensed assets at the time of the formation of the NWSA will remain on the books of the home ports. Depreciation of any new investments that are jointly funded will be charged against the NWSA

### Home port services provided

Each home port is providing services to the alliance, and some NWSA personnel are providing services

The Northwest Seaport Alliance Budget

back to the home ports. These services are provided either by direct charge or purchased services through Inter-local Agreements.

Table IV-4 shows the approximate value of Operating, Maintenance, Environmental, Security and Administrative services purchased by the NWSA from each of the home ports and the services purchased by the Port of Tacoma from the NWSA. This table does not include the value of services provided for capitalized and expensed projects.

### Estimating Revenues and Expenses

The NWSA uses several different methods of projecting revenues, depending upon the nature and materiality of the revenue item and the projection period. Specific revenue projection techniques include:

- **Historical Data:** Future revenues are based on historical trends with the assumption that they will continue in the future. When using historical data as a means for projecting revenues, the NWSA analyzes as many as 10 years of data to estimate a rate of growth
- **Business Operations:** Terminal lease/rental agreements, grant agreements, and service contracts provide information for this projection method. These projections may be adjusted to reflect the probable impacts of anticipated changes in the economy, legislation and inflation
- **Judgment Estimates:** This method relies on a person knowledgeable in the field, often a department director, who prepares a revenue projection based on awareness of past and present conditions including fee changes, development plans, marketing campaigns, usage activity, frequency, volume, weight and similar determinations
- **Current Data:** This method predicts future revenue based on actual or annualized current year revenues and often is used when historical data and trends are not available, or if used, would result in an inaccurate revenue projection
- **Volume:** The NWSA uses the five-year cargo forecast to project volume related revenues

### Financial Practices

The NWSA manages its operations to maximize its financial capacity - to provide adequate cash flow to the home ports to support debt service coverage ratios.

## Financial Tools

- **Cargo Forecasts:** The NWSA maintains a cargo estimate for each of the next five years. (See Table III-1)
- **Five-Year Financial Forecast:** A portion of the operating budget is driven by volumes from the cargo forecast while the majority of the revenue comes from major lease contracts. Planned revenue-generating capital projects are aligned with new revenues and expenses in the five-year operating forecast. The operating budget is monitored throughout the year, noting any variances that may require corrective action. The Managing Members, Chief Executive Officer and Executive Team review these semi-annually
- **Five-Year Capital Investment Plan:** This plan ties directly to the strategy developed during the budget process. Updated semi-annually, it identifies all proposed projects. Some projects are capitalized and impact future year forecasts through depreciation, while others are expensed in the current year
- **Home Port Plan of Finance:** The financial output of the NWSA will be shared evenly between the home ports and is an input into each home port's five-year plan that identifies each port's ability to fund their business objectives
- **Financial Analysis of Investments:** The NWSA reviews significant capital investments and their related assumptions prior to acceptance into the planned capital budget. Revenue-generating projects are expected to earn a return on investment that meets or exceeds the standards
- **Financial Reporting:** The NWSA creates a variety of reports available electronically or in hard copy

For additional information on accounting policies, see each home port's budget and annual financial reports.

Table IV-1...Statement of Revenue, Expenses and Distributable Income by Business\*

<i>(\$ millions)</i>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>2023 Forecast</b>	<b>2024 Budget</b>
<b>Operating Revenues</b>				
Container	164.2	185.5	176.5	204.2
Non Container	29.5	30.6	32.8	31.0
Real Estate	14.6	17.5	16.2	17.7
Other	0.0	0.0	0.0	0.0
<b>Total Operating Revenues</b>	<b>208.3</b>	<b>233.5</b>	<b>225.6</b>	<b>252.8</b>
<b>Direct and Maintenance Expenses</b>				
Container	37.5	45.5	42.3	51.5
Non Container	15.9	17.7	19.8	20.8
Real Estate	0.9	1.3	1.9	1.3
Other	13.6	20.1	16.7	20.3
<b>Total Direct &amp; Maintenance Expenses</b>	<b>67.9</b>	<b>84.5</b>	<b>80.7</b>	<b>93.8</b>
<b>Administration</b>	17.6	21.3	20.2	24.4
<b>Security</b>	4.3	4.0	4.1	3.8
<b>Environmental</b>	1.7	3.0	2.4	2.1
<b>Total Operating Expense before Depreciation</b>	91.5	112.9	107.4	124.2
<i>Operating Income before depreciation</i>	<i>116.8</i>	<i>120.6</i>	<i>118.1</i>	<i>128.7</i>
<b>Depreciation &amp; Amortization</b>	20.6	24.0	22.2	29.4
<b>Total Operating Expense</b>	<b>112.1</b>	<b>136.9</b>	<b>129.6</b>	<b>153.6</b>
<b>Income from Operations</b>	<b>\$96.2</b>	<b>\$96.6</b>	<b>\$96.0</b>	<b>\$99.3</b>
<i>Return on Revenue</i>	<i>46.2%</i>	<i>41.4%</i>	<i>42.5%</i>	<i>39.3%</i>
Non Operating Income (Expense)	14.5	4.0	5.1	15.0
<b>Distributable Income before Special Item</b>	<b>110.7</b>	<b>100.6</b>	<b>101.1</b>	<b>114.3</b>
Special Item				
<b>Distributable Income</b>	<b>\$110.7</b>	<b>\$100.6</b>	<b>\$101.1</b>	<b>\$114.3</b>
<b>Distributable Cash</b>	<b>\$131.3</b>	<b>\$124.6</b>	<b>\$123.2</b>	<b>\$143.7</b>

\* Amounts may not foot due to rounding.

Table IV-2 Operating Revenue and Expense Detail\*

(\$ millions)	2022 Actual	2023 Budget	2023 Forecast	2024 Budget
Property Rental	\$57.0	\$60.4	\$61.8	\$74.2
Sale of Utilities	1.7	1.8	2.1	1.8
Services Marine Terminals	135.6	153.7	144.6	159.1
Equipment Rentals	13.0	17.6	16.8	17.7
Other Revenue	1.0	0.1	0.2	0.1
<b>Operating Revenue</b>	<b>208.3</b>	<b>233.5</b>	<b>225.6</b>	<b>252.8</b>
Home Port Services Provided	19.0	22.0	21.7	24.8
Port Salaries & Benefits	8.7	11.9	10.8	12.3
Outside Services	5.3	3.0	3.7	4.2
Longshore Labor & Fringe	13.2	12.5	13.1	11.5
Direct Expenses	15.4	19.4	20.3	24.5
Marketing & Global Outreach	0.6	0.7	0.6	0.8
Travel & Hosting	0.3	0.9	0.8	0.9
Maintenance	20.2	33.3	27.3	37.4
Office Equipment & Supplies	0.2	0.3	0.2	0.3
Utilities	5.9	5.9	5.4	5.3
Other Employee Exp	0.1	0.2	0.2	0.2
Other Expenses	1.1	0.1	0.9	0.1
Environmental	1.6	2.8	2.4	2.0
Total Operating Expenses before Dep.	<b>91.5</b>	<b>112.9</b>	<b>107.4</b>	<b>124.2</b>
<i>Operating Income before Depr.</i>	<i>116.8</i>	<i>120.6</i>	<i>118.1</i>	<i>128.7</i>
Depreciation & Amortization	20.6	24.0	22.2	29.4
<b>Total Operating Expenses</b>	<b>\$112.1</b>	<b>\$136.9</b>	<b>\$129.6</b>	<b>\$153.6</b>
<b>Operating Income</b>	<b>\$96.2</b>	<b>\$96.6</b>	<b>\$96.0</b>	<b>\$99.3</b>
<i>Return on Revenue</i>	<i>46.2%</i>	<i>41.4%</i>	<i>42.5%</i>	<i>39.3%</i>
Non Operating Revenue and Expenses	14.5	4.0	5.1	15.0
Net Assets Before Special Items	<b>110.7</b>	<b>100.6</b>	<b>101.1</b>	<b>114.3</b>
Increase in Net Assets	<b>\$110.7</b>	<b>\$100.6</b>	<b>\$101.1</b>	<b>\$114.3</b>
<b>Distributable Cash (calculated)</b>	<b>\$131.3</b>	<b>\$124.6</b>	<b>\$123.2</b>	<b>\$143.7</b>

\* Amounts may not foot due to rounding.

Table IV-3.... Statement of Revenues, Expenses and Changes in Net Position\*

	2022 Actual	2023 Forecast	2024 Budget	Change from Prior Year Forecast
<i>(\$ Millions)</i>				
Operating Revenue	\$208.3	\$225.6	\$252.8	12.1%
Total Operating Expenses before Dep.	(91.5)	(107.4)	(124.2)	15.5%
Depreciation & Amortization	(20.6)	(22.2)	(29.4)	32.7%
<b>Operating Income</b>	<b>96.2</b>	<b>96.0</b>	<b>99.3</b>	<b>3.5%</b>
<b>Non Operating Revenues (Expenses)</b>				
Interest Income	1.1	2.6	2.8	4.4%
Premium Discount	(0.1)	(0.1)	(0.1)	-2.0%
Market Value Adjustments	(1.9)	0.3	0.0	-100.0%
Non-Capital Grant Income	0.0	0.9	2.8	216.8%
Capital Grant Contributions	5.9	6.3	14.6	131.3%
Other Non Operating Revenue (Expense)	9.5	(4.9)	(5.0)	1.6%
<b>Total Non Operating Income (Expense)</b>	<b>14.5</b>	<b>5.1</b>	<b>15.0</b>	<b>194.4%</b>
<b>Net Distributable Revenue (Net Income)</b>	<b>110.7</b>	<b>101.1</b>	<b>114.3</b>	<b>13.1%</b>
<b>Distributable Cash</b>				
Net Distributable Revenue (Net Income)	110.7	101.1	114.3	13.1%
Add Depreciation and Amortization	20.6	22.2	29.4	32.7%
<b>Distributable Cash*</b>	<b>131.3</b>	<b>123.2</b>	<b>143.7</b>	<b>16.6%</b>
<b>Net Position</b>				
Net Position beginning of year	537.6	578.7	649.8	12.3%
Add Contributions and Expected Capital Construction**	58.4	93.2	144.6	55.1%
Add Net Distributable Revenue (Net Income)	110.7	101.1	114.3	13.1%
Less Cash Distributions	(128.0)	(123.2)	(143.7)	16.6%
<b>Net Position end of year</b>	<b>\$578.7</b>	<b>\$649.8</b>	<b>\$764.9</b>	<b>17.7%</b>

\* Per charter section 5.3 and charter definition 1.1 (p)

\*\* Contributions include any Harbor Maintenance Tax Received

\* Amounts may not foot due to rounding.

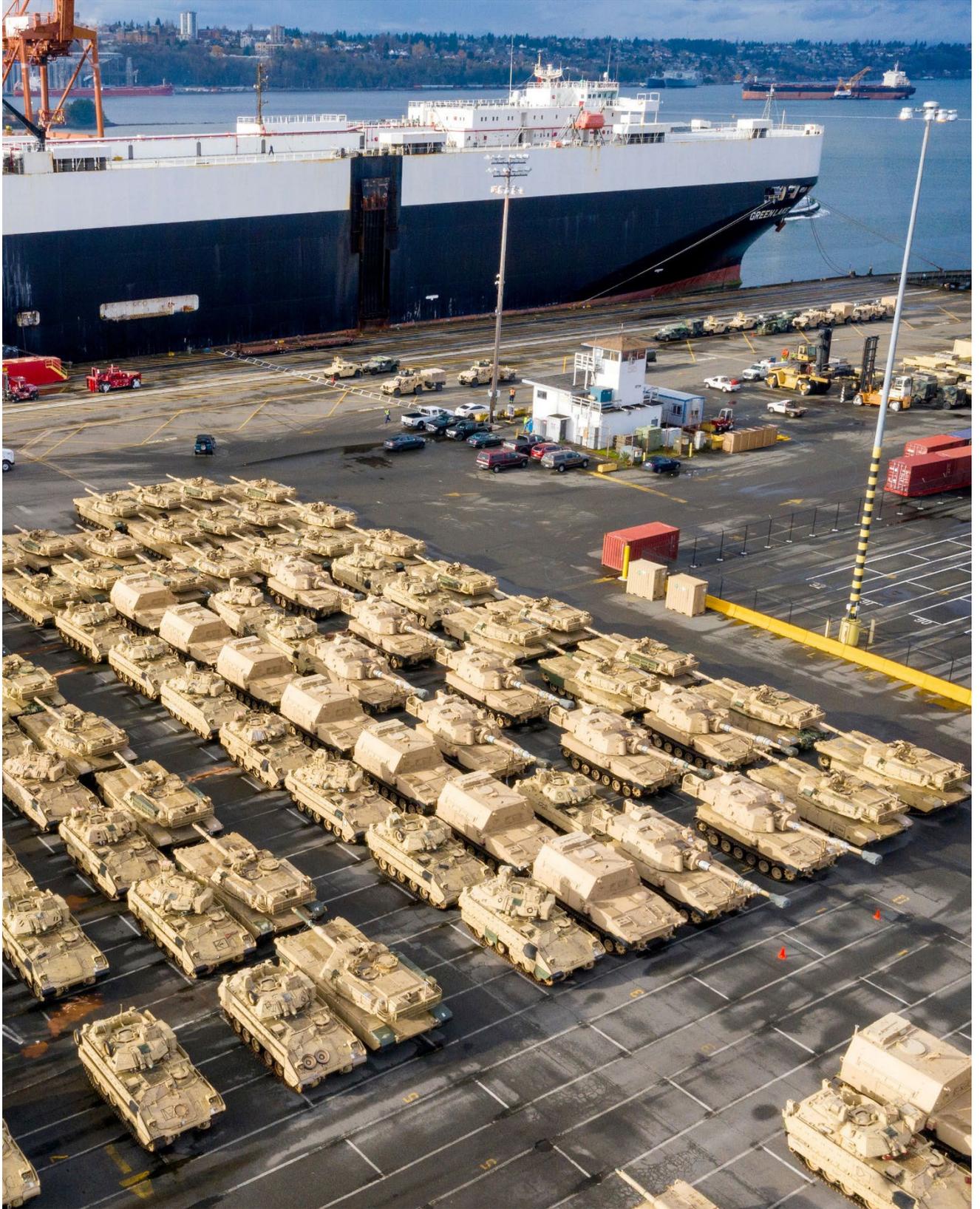
Table IV-4.... Allocations and Direct Charges Summary\*

<i>(\$ Millions)</i>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>2023 Forecast</b>	<b>2024 Budget</b>
Port of Tacoma to NWSA	\$27.7	\$31.9	\$29.4	\$32.8
Port of Seattle to NWSA	\$9.9	\$12.0	\$12.0	\$12.2
NWSA to Port of Tacoma	\$0.9	\$0.9	\$0.9	\$0.8

Table IV-5.... Six-year Statement of Revenue, Expenses and Change in Assets\*

<i>(\$ millions)</i>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Operating Revenue	\$252.8	\$259.3	\$270.5	\$277.1	\$284.0
Total Operating Expenses before Dep.	(124.2)	(120.7)	(118.1)	(115.2)	(116.0)
Depreciation & Amortization	(29.4)	(35.6)	(40.7)	(42.5)	(42.6)
<b>Operating Income</b>	<b>99.3</b>	<b>103.0</b>	<b>111.7</b>	<b>119.4</b>	<b>125.5</b>
Grant Income	17.4	13.1	1.2	0.0	0.0
Other Non Operating Income	(2.3)	2.2	2.6	2.6	2.6
<b>Net Distributable Revenue</b>	<b>114.3</b>	<b>118.4</b>	<b>115.5</b>	<b>122.0</b>	<b>128.1</b>
<b>Distributable Cash (calculated)</b>	<b>\$143.7</b>	<b>\$154.0</b>	<b>\$156.2</b>	<b>\$164.5</b>	<b>\$170.7</b>

\* Amounts may not foot due to rounding.



**Military Cargo. The Tacoma harbor is one of 21 Strategic Ports for the US Military**

## V Capital Investment Plan

### Overview

The Northwest Seaport Alliance invests in projects to increase the capacity, extend the life or improve the safety or efficiency of alliance-managed property and equipment.

New projects on the Capital Investment Plan that are \$100,000 or greater have been vetted through the Investment Decision and Development Process (IDDP). The IDDP is a two-stage planning development.

- Stage 1 (Opportunity Assessment) is to document new investment opportunities, identify any conflicts and receive input from all potentially affected departments/teams. The leadership management makes decision to pursue the opportunity to next stage.
- Stage 2 (Alternatives Analysis) is to assess the initial viability of a project, consider and evaluate alternatives, conduct a project screening, and consider long-range capital planning.

The five-year Capital Investment Plan (CIP) identifies all projects planned or underway. The CIP provides a mechanism for tracking and managing project budgets and cash flows for five years into the future. Table V-1 shows planned spending on capitalized projects for the five-year time frame. Projects are associated with a program that fall under one of the businesses or under a category called "Infrastructure."

Although funds for a project are included in the CIP, the project is not automatically authorized to proceed. The alliance Managing Members review and approve each project individually. Projects must have the necessary permitting before proceeding.

To achieve its goals, the alliance continues to invest in revenue-generating capital projects that support its businesses. Although the home ports are responsible for the general infrastructure in each respective county, the alliance may also invest in infrastructure projects that support the NWSA's maritime business, as well as increasing rail and road transit of cargo within boundaries between the ports of Seattle and Tacoma. Often, these infrastructure projects are expensed versus capitalized due to accounting requirements.

In addition, environmental projects are planned for meeting or maintaining regulatory requirements, including the development of mitigation and remediation projects. Projects may be expensed or capitalized according to accounting rules.

### Summary of Major Projects

During 2023, the NWSA worked on the following capital projects:

- Phase two berth modernization construction at Terminal 5 and stormwater treatment system
- Renovated CBP office at Terminal 106
- Replaced fender system at Pierce County Terminal
- Reconfigured yard at E. Blair Terminal
- Install shore power at Husky Terminal

The 2024 - 2028 Capital Investment Plan focuses on the following strategic and maintenance projects:

Strategic investments:

- Construct and improve of gate complex, container yard, intermodal yard and reefer demarcation associated with the modernization project at Terminal 5
- Replace wooden light poles at several terminals in the South Harbor
- Design shore power at T18

Maintenance investments:

- Replace fender system at WUT and PCT terminals
- Replace water lines and valve at Terminal 18
- Maintenance dredging at several container terminals of both harbors
- Berth dredging and toe wall at Husky and WUT terminals
- Maintenance and rehabilitation of assigned assets

The alliance has a strong commitment to the protection and improvement of the environment. Examples of this commitment include the Clean Truck Program, the Northwest Ports Clean Air Strategy, and significant investment in storm-water improvements.

Strategic development efforts focus on serving existing customers, attracting new customers, and building a diverse, dynamic and resilient business base.

**Table V-1....Planned Capitalized Project Spending**

(\$ Millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Historical Capital	93.4	134.4	90.6	58.8						
Planned Capital					93.2	144.6	80.8	59.2	66.9	69.4
<b>Grand Total</b>	<b>\$ 93.4</b>	<b>\$ 134.4</b>	<b>\$ 90.6</b>	<b>\$ 58.8</b>	<b>\$ 93.2</b>	<b>\$ 144.6</b>	<b>\$ 80.8</b>	<b>\$ 59.2</b>	<b>\$ 66.9</b>	<b>\$ 69.4</b>

### Capital Investment Plan Priorities

To efficiently allocate human and financial resources, the alliance uses a capital project prioritization methodology. For internal management, the alliance uses two categories:

- **Open:** These are ongoing projects or projects ready to move forward that have customer commitment or a high degree of certainty. Only open projects are included in the budget.
- **Estimate:** These are projects based on an identified business need or opportunity but have not been fully developed in scope and cost.

### Capital Investment Plan Projects by Purpose

The alliance classifies CIP projects into three types, (as shown below in Table V-2):

- **Revenue Renewal:** Projects developed to renovate or replace obsolete or aging revenue-producing assets. These projects serve to extend existing revenue streams or ensure existing streams are not lost and may offer additional revenue if replacements enhance the efficiencies of operations or offer additional capabilities or value.
- **Infrastructure:** Projects developed to enhance infrastructure, support multiple or future customers or to enhance public infrastructure. Sometimes, other public agencies may participate in funding. Infrastructure projects are often complex in nature, with multiple public agencies involved in the planning process and execution.
- **Revenue-Generating:** Projects developed for a specific customer that will result in a new revenue stream.

Table V-3 shows Open (excludes estimate) project expenditures during the five-year planning horizon as categorized by accounting treatment.

Accounting rules require some spending to be capitalized and depreciated over time, while

other spending is expensed as incurred.

The alliance's policy is to capitalize all asset additions greater than \$20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The economic lives of capitalized assets range from three years to 20 years for machinery and equipment while economic lives of buildings and improvements range from 10 years to 75 years.

Table V-3 shows that the NWSA intends to implement \$501.3 million worth of planned projects (capitalized and expensed) in the next five years, with \$174.2 million of that total earmarked for 2024.

Non-operating and operating projects will be expensed as incurred and are included in the operating budget.

Table V-4 shows the five-year CIP by Line of Business.

Table V-5 shows the expected increase in depreciation when planned projects are completed. The CIP is the total expected spending of 159 projects, 87 of which are capitalized and 72 expensed as incurred.

The expensed projects are captured as expenses in the current year budget and four-year operating forecast as incurred. The costs of the capitalized projects are captured as depreciation expense over the estimated life of the projects that may extend beyond three years. Depreciation expense will increase when the redevelopment of Terminal 5 phase 2 is complete.

### Funding

Capitalized projects are funded by the two homeports and grants or other 3<sup>rd</sup> party funds if available. Expensed projects are funded by cash generated by the NWSA and grants, homeport funds, or other 3<sup>rd</sup> party funds if available.

**Table V-2....Five-Year Planned Capital Investment Plan by Purpose**

(\$ Millions)

	2024	2025	2026	2027	2028	Total
Infrastructure	\$6.4	\$10.7	\$44.7	\$59.8	\$70.1	\$191.7
Renewal	91.7	60.4	24.8	15.2	4.9	197.1
Revenue	76.0	31.0	5.5	0.0	0.0	112.5
<b>Grand Total</b>	<b>\$174.2</b>	<b>\$102.1</b>	<b>\$75.0</b>	<b>\$75.0</b>	<b>\$75.0</b>	<b>\$501.3</b>

Amounts may not foot due to rounding

**Table V-3....Five-Year Planned Capital Investment Plan by Accounting Treatment**

(\$ Millions)

	2024	2025	2026	2027	2028	Total
Capitalized	\$144.6	\$80.8	\$59.2	\$66.9	\$69.4	\$420.9
Operating Expense	24.7	20.9	15.8	8.1	5.6	75.0
Non-Operating Expense	5.0	0.4	0.0	0.0	0.0	5.4
<b>Grand Total</b>	<b>\$174.2</b>	<b>\$102.1</b>	<b>\$75.0</b>	<b>\$75.0</b>	<b>\$75.0</b>	<b>\$501.3</b>

Amounts may not foot due to rounding

**Table V-4....Five-Year Planned Projects by Line of Business**

(\$ Millions)

	2024	2025	2026	2027	2028	Total
Container Business	\$151.2	\$78.3	\$26.4	\$11.6	\$1.3	\$268.9
Non Container Business	4.6	4.4	0.5	0.5	0.5	10.5
Real Estate	1.3	0.9	0.3	0.1	0.1	2.6
Infrastructure	17.2	18.5	47.7	62.8	73.1	219.3
<b>Grand Total</b>	<b>\$174.2</b>	<b>\$102.1</b>	<b>\$75.0</b>	<b>\$75.0</b>	<b>\$75.0</b>	<b>\$501.3</b>

Amounts may not foot due to rounding

**Table V-5....Depreciation Impact Due To Capitalized Projects**

(\$ Millions)

	2024	2025	2026	2027	2028	Total
Container Business	\$ (8.1)	\$ (14.0)	\$ (18.1)	\$ (20.1)	\$ (20.3)	\$ (80.7)
Non Container Business	(0.5)	(0.5)	(0.7)	(0.7)	(0.8)	\$ (3.1)
Real Estate	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	\$ (0.7)
Infrastructure	-	-	-	-	-	\$ -
<b>Grand Total</b>	<b>\$ (8.6)</b>	<b>\$ (14.6)</b>	<b>\$ (18.9)</b>	<b>\$ (21.0)</b>	<b>\$ (21.3)</b>	<b>\$ (84.5)</b>

Amounts may not foot due to rounding

### Capital Investment Plan Project Descriptions

The NWSA’s five-year CIP has been categorized on a business basis, as shown in Figure V-1. The following section provides details of major planned improvements within each business and only includes major projects and equipment.

#### Container Terminals Business

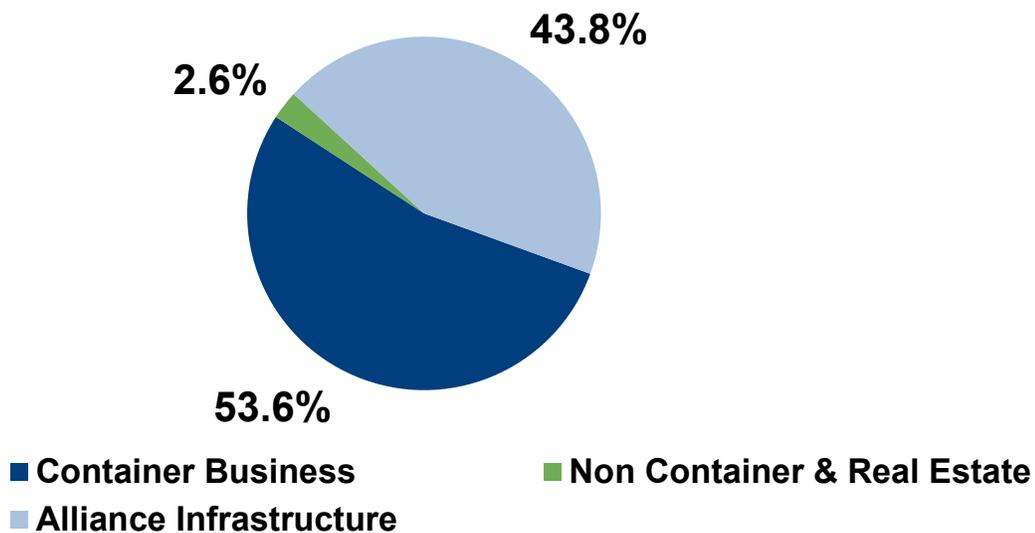
Planned capital expenditures for container terminals will total approximately \$269 million over the next five years. The CIP for this business will provide the

funds necessary to complete the remaining projects to support the modernization at the North Harbor Terminal 5; shore power design at Terminal 18; maintenance and berth dredging at several container terminals; expand reefer plugs at PCT; replace and repair fenders at PCT and WUT terminals; install LED lightings at several terminals in the South Harbor.

#### Non-Container Business & Real Estate

Approximately \$13 million will be spent on facility improvement for terminal operations, auto and real estate businesses.

Figure V-1....Five-Year Capital Investment Plan by Line of Business



#### Alliance Infrastructure

This section includes capital expenditures that are not specific to a single business and are in support of the alliance’s infrastructure or environmental improvements.

- Environmental Programs: These projects include reduction and monitoring of emissions, and ongoing cleanup projects. This also includes purchase of electric straddle carriers for its operations. The Clean Truck Program and the Clean Cargo Handling Equipment Incentive Program provide matching funds and incentives to help cover the cost of replacing older trucks or handling equipment with cleaner new ones.

- Technology: The alliance continues to invest in an operations service center that will allow customers and cargo owners to track their cargo as it moves through the gateway.

#### Capital Investment Plan Revisions

The CIP is an integral part of the budget planning process and is reviewed and revised semi-annually. Adjustments in amount and timing are made as required to meet changes in customer or infrastructure requirements.

## VI Environmental Stewardship and Planning

Environmental stewardship and sustainable practices are a high priority for the NWSA. The NWSA Environmental Stewardship Framework has been put into action. Specifically, working with our stakeholders, the NWSA developed a Best-In-Class approach built on a foundation of the following:

- Environmental, economic and financial business decision planning/making are fully integrated;
- Responsive to market and community; and,
- Drives innovative, cost-effective and sustainable solutions.

Program areas of emphasis include:

- Water Quality
- Air Quality and Sustainable Practices
- Planning and Logistics
  - Transportation
  - Land Use
  - Facilities

In 2024, the NWSA plans to focus its environmental efforts on water and air quality and greenhouse gas reductions, with the bulk of that work on NWSA licensed properties. The NWSA plans to develop additional sustainability strategies to help shape future leasing strategies, green corridors, green fuels and explore green building initiatives.

In addition, the NWSA has partnered with the Ports of Seattle and Tacoma along with other key industry, environmental, state and federal stakeholders to develop a large commercial vessel Quiet Sound program. This program will be managed by Maritime Blue and will study and promote ways to reduce noise impacts to Orca and other marine mammals in Washington State Waters. The Ports of Seattle, Tacoma and the NWSA have committed a total of \$100,000 in 2023 towards this effort to sustain the program.

### Water Quality Program

NWSA's Water Quality (WQ) team is comprised of professionals with experience in site inspection, monitoring, project development and delivery, and policy analysis. The goal of this program is to work with internal and external stakeholders to design highly effective, low-cost treatment and

compliance solutions that meet or exceed Washington State's high water quality standards.

### Industrial Stormwater Management Program

The WQ team manages an industrial stormwater program that is a collaborative effort engaging customers, agencies, and environmental organizations in both the Seattle and Tacoma harbors. The goal of the program is to discover and create solutions for emerging stormwater issues, solve common problems and provide stormwater technical assistance to our customers at their request. Staff engage in extensive stakeholder outreach that includes customers, regulators, and environmental organizations.

During 2023 Staff have been participated in settlement agreement meetings with Ecology to discuss the 2025 Industrial Stormwater General Permit (ISGP) and how proposed changes may affect ports.

Accomplishments in 2023 include:

- Completing industrial, and outfall site inspections early ahead of schedule,
- Working with maintenance to complete maintenance on treatment systems ahead of first flush to insure we are prepared for the rainy season,
- Coordinating business inspections with the City of Tacoma.

### Research and Develop Cost-Effective Means to Manage Stormwater

The NWSA continues previous work initiated separately by the two ports. The NWSA implements innovative cost-effective treatment methods in the field and focuses on practical, effective stormwater Best Management Practices (BMPs). This includes conducting pilot studies of new and existing treatment infrastructure and sharing the results with tenants and stakeholders. During 2023, the WQ Team started the process to treatment systems designed for use at the Tacoma and Seattle harbors included on Ecology's General Use Level Designation (GULD) website. This includes taking current designed treatment systems to Ecology through the Emerging Stormwater Technologies (TAPE) Program. Successful inclusion of our treatment systems in on Ecology's GULD website will allow ports and other permittees to use the information when installing industrial stormwater treatment on their sites and may help to expedite permit approvals from local jurisdictions when

installing treatment on North and South Harbor properties.

### Source Control

Controlling pollutants at or near the source is the most cost-effective way to reduce pollution in stormwater runoff, manage the risk of costly corrective actions for treatment, and reduce the cost of operations and maintenance of installed stormwater treatment systems. NWSA WQ staff work with customers (as requested) to identify pollutants close to the source and eliminate the source where possible. The WQ team assists customers with effective, low-cost solutions.

#### Seattle Harbor Focus

Most Seattle Harbor tenants have installed stormwater treatment at their facilities. The challenge going forward is to reduce the cost of operating and maintaining these systems. The WQ team continues to focus on maintaining relationships with tenants/customers and working with them to implement at-source and near-source BMPs with these goals in mind.

Accomplishments include:

- Coordination with Seattle Harbor stormwater staff on projects including pipe repair at T46,
- Assistance with tenant SWPPPs,
- Continue to coordinate with Marine Maintenance and Stormwater utility on water quality issues in the North Harbor.

#### Tacoma Harbor Focus

The WQ team continues to work with tenants/customers to implement at-source and near-source BMPs to facilitate cost-effective and successful solutions, and to focus on customers that may face site challenges to meet water quality criteria or regulatory policy issues. In the Tacoma Harbor, WQ will work through the development of a Stormwater Infrastructure Comprehensive Plan that will detail the status of all the Port's MS4 infrastructure. WQ will use those details to develop a 10-year infrastructure maintenance, repair, and replacement plan.

Accomplishments in 2023 include:

- New source control/pre-treatment for EB-1 terminal which are helping to meet permit

The Northwest Seaport Alliance Budget

required benchmarks,

- Continue to assist Husky with finding cost effective solutions to for their treatment system,
- Assisting with tours to other Ports, Green Marine, WPPA and representatives,

### Stormwater Development/Redevelopment

Coordination with each home ports' stormwater permit programs ensures site-specific stormwater requirements are met. This includes the design of appropriate treatment systems and/or system selection based on proposed land use and typical discharges associated with site-specific activities. Projects include redevelopment of terminals in both harbors.

Accomplishments in 2023 include:

- Completed grant acceptance on Thorne Road Container Facility,
- Continue to support and coordinate permitting issues with the City of Tacoma,
- Permitting support for EB-1 restrooms and paving project, support of PCT truck queue erosion repair work,
- Stormwater treatment design and City of Tacoma permitting support for 11<sup>th</sup> Street Demo project,
- Completed construction of T7 Oil Water Separator that supports military operations,
- Supported Portac Phase I cleanup with stormwater permitting and management,
- Provided design support for the potential redevelopment of Arkema site,
- Provided design support for Parcel 86 pipe realignment.

### 2024 Goals

In 2024, the WQ team will

- Assist SSA in completing the construction of the Phase 2 stormwater treatment system at Terminal 5 for the southern 55 acres.
- Continue to work with Port of Seattle to complete the reconfiguration of the T-46 Stormwater Treatment vaults to comply with maintenance

standards.

- Continue to support emerging projects including outfall repair at Husky Terminal, ditch maintenance in the Tacoma Harbor, and the Thorne Road Off-Dock Container Expansion yard for which Ecology funded a \$4.37M grant.
- Continue productive conversations with Ecology regarding the 2025 Industrial Stormwater General Permit (ISGP)
- Continue work on TAPE program.
- Use various tools including surveys, newsletters, site visits, and water quality workshop to assist tenants with stormwater management issues and share information on 2025 ISGP.
- Complete Stormwater Infrastructure Comprehensive Plan Report
- Initiate Drone program for outfall inspections, derelict vessel investigations, and shoreline mapping
- Continue to work on systemic flooding issues around Port of Tacoma
- Continue to be a leader in the stormwater section of Green Marine Certification.
- Begin ILA negotiations with City of Tacoma

## Air Quality & Sustainable Practices Program

The Air Quality & Sustainable Practices Program jointly serves the Port of Tacoma and The Northwest Seaport Alliance and focuses on two goals: 1) reducing – and, ultimately, phasing out -- air and climate pollution from seaport related activities; and 2) promoting environmentally sustainable corporate practices. The program collaborates with a wide range of internal and external partners to develop, find funding for, and implement a suite of initiatives to advance the 2020 Northwest Ports Clean Air Strategy (NWPCAS) and implement the NWSA's 2021-2025 Clean Air Implementation Plan. Key initiatives include the Clean Truck Program (including the newly formed Zero Emission Truck Collaborative); the Clean Vessels Program (including shore power installations at major

container terminals); and the Clean CHE Program.

### Key 2023 Accomplishments

- Continued to coordinate and lead implementation of the NWSA's 2021-2025 Clean Air Implementation Plan to advance the 2020 NWPCAS;
- In collaboration with the Port of Seattle, Port of Tacoma, Seattle City Light, Tacoma Public Utilities, and others, neared completion of two major energy planning studies – the Seattle Waterfront Clean Energy Strategic Plan and the South Harbor Electrification Road Map (SHERM) – to assess the infrastructure needs associated with transitioning to zero-emission vehicles, equipment, and operations;
- Collaborated with a railyard operator and Tacoma Power to complete implementation of the first deployment of zero-emission cargo-handling equipment in the NWSA gateway: six electric yard tractors at the South Intermodal Yard in the Tacoma Harbor;
- Supported completion of the shore power infrastructure installation at Terminal 5, initiation of construction at Husky Terminal, and initiation of design at Terminal 18;
- Led the formation of the Puget Sound Zero Emission Truck Collaborative and initiated development of the Decarbonizing Drayage Roadmap. Also initiated planning for a Zero Emission Drayage Demonstration Program, and ramped up the scrap-and-replace incentive program, incentivizing the scrapping of about 30 pre-2007 trucks and replacing them with newer trucks that are 90% cleaner;
- Led the NWSA's engagement in the US-Korea Green Corridor Study, in partnership with the U.S. Government, the Republic of Korea, and the Busan Port Authority.
- Continued planning for a new Clean CHE Incentive Program aimed at encouraging marine terminal operators to scrap old diesel equipment and replace it with zero-emission technologies;
- Initiated an update to the Puget Sound Maritime Emissions Inventory (PSEI).
- In collaboration with the ports of Seattle and Tacoma, strengthened efforts to communicate and engage with near-port communities and other external stakeholder and partners, for example by publishing the Ports Clean Air Quarterly (a quarterly newsletter) and developing NW Clean Ports (a new web portal on port-related clean air and climate solutions).

- Continued to identify, pursue; and secure state and federal grants and other external financial and technical assistance to help advance NWSA clean air, climate, and sustainability goals. For example, the AQSP Team helped secure \$6.3M in state transportation funding to support the transition to zero-emission drayage trucking at the Port of Tacoma and throughout the NWSA gateway;
- Continued to staff the joint Port of Tacoma/NWSA Clean Air & Climate Action Team (C-CAT) to guide implementation of the NWPCAS and the Port's associated implementation plan.
- Complete the update to the Puget Sound Maritime Emissions Inventory (PSEI)

## Planning & Logistics

Planning and Logistics provides a range of services intended to support NWSA Charter goals from strategic to site planning. Some primary services include planning for marine terminals and supporting infrastructure, advocating for multi-modal freight related transportation systems, facilitating port visioning. Planning also coordinates baseline studies to facilitate decision making about investments and operations.

### Key 2024 Goals

- Continue to lead and coordinate implementation of the NWSA 2021-2025 Clean Air Implementation Plan;
- Continue to explore NWSA engagement in “green corridors” between the U.S. and Korea.
- Support installation of shore power infrastructure at Husky Terminal, design work at Terminal 18, and initiation of design at Washington United Terminal;
- Continue to support and participate on the Puget Sound Zero Emission Truck Collaborative and the development of a Decarbonizing Drayage Roadmap – including leveraging the Port of Seattle's Office of Equity, Diversity and Inclusion to support the program being effective for all trucking stakeholders.
- Launch the Zero Emission Drayage Demonstration Program;
- Begin implementation of the new Clean CHE Incentive Program;
- In collaboration with the ports of Tacoma and Seattle, launch a new web portal on port-related clean air and climate solutions ([nwcleanports.org](http://nwcleanports.org));
- Finalize and implement on-going, clean air-focused community engagement programs in both harbors;
- Complete the Seattle Waterfront Clean Energy Strategic Plan and the South Harbor Electrification Roadmap (SHERM) and pivot to development of a gateway-wide zero emission infrastructure development strategy; and

### Planning Overview:

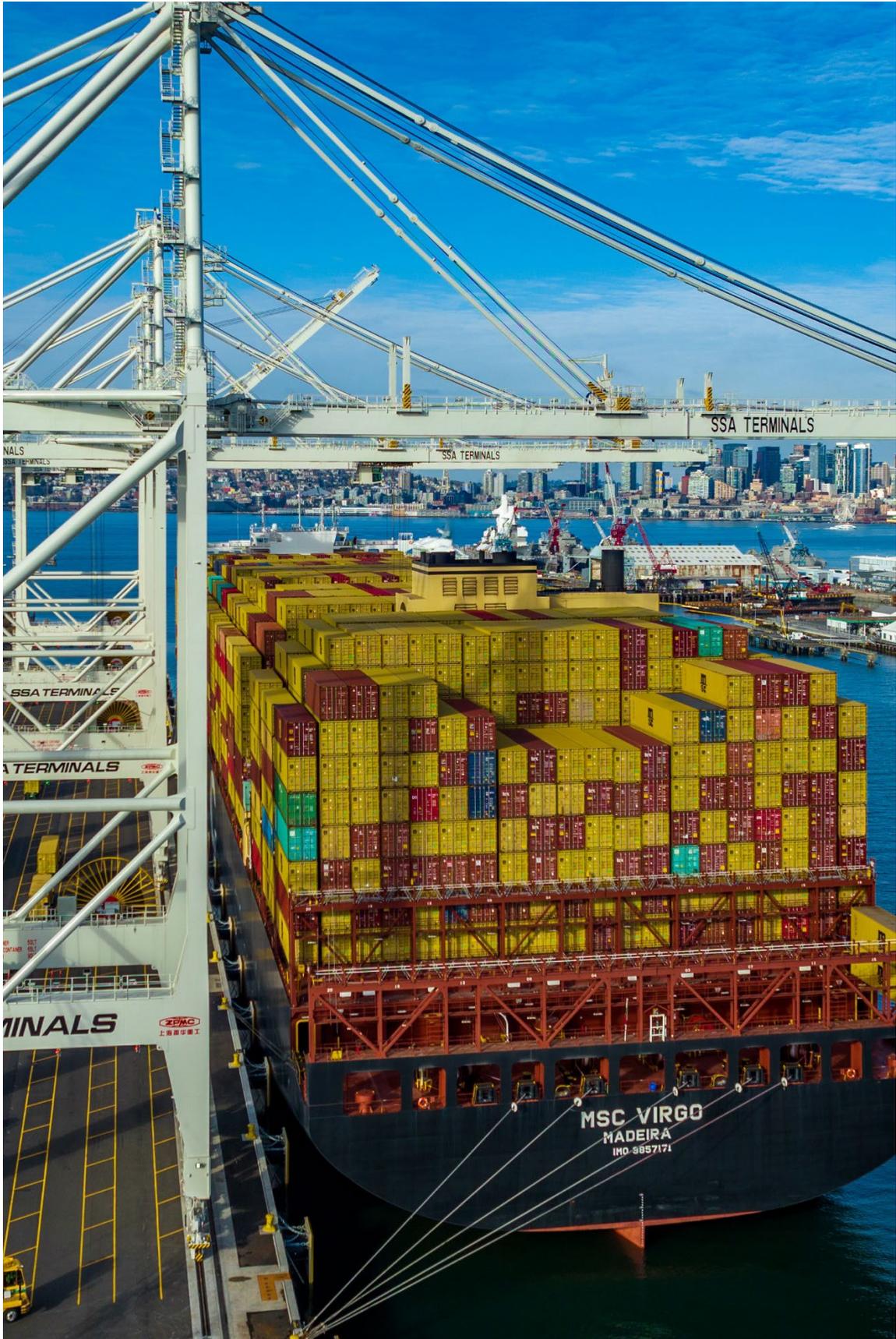
- **Facility Planning:** Services include facility design, facility resilience assessment and planning, assessment of infrastructure needs for operational efficiency, and documentation of current and planned facilities.
- **Transportation Planning and Advocacy:** Support for optimizing gates and terminals, analyzing off-terminal traffic flow, truck parking, and circulation, and preservation of freight and heavy haul routes.
- **Project Feasibility Development:** Support development by maintaining a general understanding of all focus areas within the organization. With this overall perspective, the team assists with opportunity assessment reviews and strategic port planning.
- **Strategic Planning and Visioning:** Support long-range visioning and planning for NWSA operations and facilities. Services also include developing land use plans and supporting the development of organizational strategic plans. Review and comment on new and updated local, state, and federal policy and regulatory documents, advocating for NWSA goals.
- **Grant Program Coordination:** Ensure a unified and proactive approach to grant procurement. Grants are sought to help offset the cost of infrastructure, technology, design, and planning, whenever feasible. Coordination encompasses tracking projects, tracking grant programs, staffing the Grant Steering Committee, and providing commission updates.

**2023 Planning & Logistics Key  
Accomplishments**

- Completed the Resilient Gateway Program – Vulnerability Assessment and Response Framework.
- Submitted a \$56M PIDP grant application for Husky Expansion – Part One.
- Supported the Maritime Industrial Lands update process in Seattle.
- Hosted a WA Sea Grant Hershman Fellow

**2024 Planning & Logistics Goals**

- Advance Resilient Gateway Program policies
- Provide technical support for Sound Transit Link extensions and Sounder expansion.
- Advocate for NWSA priorities at Puget Sound Regional Council staff committees
- Manage the NWSA/POT Grant Program
- Support the Tideflats Subarea Plan, Earley Business Center Master Plan, and Port Maritime Center
- Review and provide feedback on the Seattle Transportation Plan update.
- Complete bathymetric surveys for each harbor



The MSC Virgo at berth at the newly modernized Terminal 5 in the North Harbor

## Appendix A: NWSA Full Time Personnel

	NWSA			
	2022 Actual	2023 Budget	2023 Actual	2024 Budget
Executive	9	9	9	9
External Affairs ( Public Affairs & Communications)	4	4	4	4
Finance And Administration	-	2	2	2
Commercial Business	17	20	20	21
Operations	8	12	10	10
Facilities Development	10	15	16	16
<b>Total</b>	<b>48</b>	<b>62</b>	<b>61</b>	<b>62</b>

\*2023 Actual is 2023 forecasted ending headcount

### Northwest Seaport Alliance Average Compensation (excluding CEO)

The 2024 staffing budget of \$12,291,867 includes the following:

- \$8,481,974 for salaried employees and \$146,799 for hourly employees which includes;
  - \$367,639 for annual pay increases for salaried employees starting April.
  - \$20,424 for annual recognition program paid to salaried employees in April.
  - \$163,395 for marketplace adjustment for salaried employees during the year.
  - Hourly employees will receive a 3.0% raise in April per tentative agreement.
  - Average salary of \$133,930.
- Total benefits of \$3,663,093

### Changes in NWSA Full Time Personnel from prior budget

- Commercial Business: 1 position added.
- Operations: 2 open positions eliminated.
- Facilities Development: 1 position added.

## Appendix B: NWSA Memberships

### Overview

The NWSA and alliance staff are members of several organizations. The NWSA believes that participating in these partnership organizations plays a key role in advancing the NWSA’s business objectives and ensures NWSA staff is knowledgeable and productive. These memberships are in addition to or supplement the home port memberships.

### Port Authority Organizations

These memberships assist the NWSA’s lobbying efforts on both the state and national levels and keep staff informed about major issues and developments that affect NWSA operations. Membership with the Washington State Public Ports Association remains with the home ports.

### Economic Development Organizations

Economic development is a major part of the NWSA’s mission. For that reason, the NWSA maintains memberships and works closely with a variety of economic development groups. These memberships help strengthen the NWSA’s visibility throughout the world through trade missions and trade shows.

### Regional Organizations

Memberships in regional organizations demonstrate the NWSA’s commitment to trade on a statewide and regional basis.

### Industry Associations and Professional Organizations

These associations and organizations ensure that staff obtains the latest in technical development by taking advantage of meetings, networks and special programs offered by them.

### Trade Promotion Organizations

These memberships give the marketing and sales staff important contacts and current industry trade information that enhances the NWSA’s overall marketing efforts.

### Community Service Groups

The NWSA maintains memberships in these groups as part of its effort to build better community relations, to work more effectively with businesspeople and to ensure that the NWSA’s interests and concerns are addressed in the community.

The Northwest Seaport Alliance Budget

### Annual NWSA Memberships & Personnel Memberships (estimated)

Organization	Annual Dues
American Association of Port Authorities	\$78,000
Pacific Northwest Waterways Association	34,500
Washington Council on International Trade	20,000
Green Marine	11,000
Clean and Prosperous Washington	10,000
All Other Memberships	63,822
<b>Total NWSA Memberships</b>	<b>\$217,322</b>

### American Association of Port Authorities

AAPA is an alliance of leading ports in the Western Hemisphere that protects and advances the common interests of its diverse members through advocacy, professional development, relationship-building, and public awareness.

### Pacific Northwest Waterways Association

The Association advocates for funding for navigation projects around the region, including those on the Columbia Snake River System, in the Puget Sound and along the Oregon and Washington coasts.

### Washington Council on International Trade

The Council is dedicated to advocating for public policies that increase Washington State’s international competitiveness.

### Green Marine

Green Marine is an environmental certification program for the North American marine industry.

### Clean and Prosperous Washington

A team of business leaders working with labor, tribes, environmental organizations, and social justice advocates to in Washington state to enact smart climate policies.

## **The Northwest Seaport Alliance**

***Mailing Address***

P.O. Box 2985  
Tacoma, WA 98401-2985

***Phone: 800-657-9808***

***Website: [www.nwseaportalliance.com](http://www.nwseaportalliance.com)***

## **PORT OF TACOMA**

### ***Administrative Offices***

#### ***Street Address***

One Sitcum Plaza  
Tacoma, WA 98421

#### ***Mailing Address***

P.O. Box 1837  
Tacoma, WA 98401

***Phone: 253-383-5841***

***FAX: 253-593-4534***

***Website: [www.portoftacoma.com](http://www.portoftacoma.com)***

# **XIII. APPENDICES**

## **APPENDIX A: BUDGET POLICY, PROCESS, AND CALENDAR**

### **1. OPERATING BUDGET**

#### **a. Budget Policy:**

The Port established a budget policy to provide systematic planning as part of the management performance and control. The purpose of this policy is to allow the capability to forecast realizable financial results over definite periods of time. This is accomplished through planning and coordination of the various complex operations and functions of the Port, through systematic communication and the use of the Port's financial control and management information system.

The Operating Budget is an essential tool for business planning, resource allocation, and control. It quantifies business groups and departmental plans for future periods in strategic, operational, and monetary terms. This facilitates coordination of plans between divisions/departments and provides a basis for control once the plan is in effect.

Various inputs to the budget planning process are required for it to be meaningful, including forecast of economic trends and business activity levels. Above all, goals, objectives, programs, action plans and performance measures are defined and reviewed annually for consistency and support of the Port's overall mission.

The budget plan is based on assumptions about the success of marketing efforts, demand for services, and the cost, availability and need for people and materials. The budget process provides continual feedback which compares not only actual performance to the plan but also the validity of the assumptions on which the plan was based.

The Operating Budget is a management tool for controlling and analyzing each area of responsibility. Budgeting, as well as the recording of actual costs, is done on an Org basis. An Org is a distinct functional and physical unit. Its performance responsibility can be assigned to one person. There are over 200 Orgs at the Port and each Org has a budget.

Allocated and/or indirect expenses are not budgeted for by the recipient Org. These are costs that are allocated to the business groups/units from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port. Costs can come from within the division (intra-division allocation) or from outside the division (inter-department allocation).

Department Directors are responsible for preparing the operating budget for their areas of responsibility, subject to review and approval by several levels within the organization. Orgs can be combined to analyze and report on budgets by functional or business units. Port management needs current, timely, and accurate information to make informed decisions. The objective of the budget process is to provide resource allocation, accountabilities, performance, and control to enhance effective management.

In addition to planning for the business needs of the organization, this process results in a method of comparing actual financial results with the approved budget plan. The appropriateness of the pricing structure or the effects of changes in costs or activity can be observed. This approach gives management the flexibility to evaluate the performance of a particular activity. The Budget Report (a comparison of the proposed budget to the current year's budget and last year's actual) and the Responsibility Report (a comparison of current year actuals to current year budget) can advise a manager if things are not going as expected, whether strategies are being accomplished, and give them clues as to what might be wrong.

The annual budget process includes several Commission briefings by the Operating Divisions and Central Services during the year to update the Commission on key issues facing the business groups and to solicit input into overall strategies and objectives. The divisions update the Commission on each business unit with background information, discuss capital and operating plans, and dialogue on major policy issues. Divisions fine-tune their business and operating goals based on Commission input and put together their budgets.

Key budget events include the following:

- Conduct budget planning meetings with the Executive Management team.
- Publish the budget guidelines/instructions and budget calendar.
- Provide financial planning and analysis system training to budget staff.
- Division and department budget staff prepare their respective budgets.
- Conduct internal budget reviews which include in-depth discussion of revenue and expense assumptions; new programs, initiatives, or other proposed increases in revenue and expenses.
- Review and approval of budget by the Executive Management and Commissioners.
- Release of the budget to the Port Commission and public stakeholders.

The budget staff responds to inquiries of commission and interested stakeholders during commission budget workshops, first and second reading, and adoption of the budget after the public hearings.

In addition to the Operating Budget as stated above, the budget staff prepares the Statutory Budget as defined in RCW 53.35.010 to show “estimated expenditures and the anticipated available funds from which all expenditures are paid.” Being a cash budget, the Statutory Budget establishes the level of the Port’s property tax levy and sets upper limits of expenditures and is not used as an Operating Budget.

**b. Budget Adoption:**

The budget is provided to the Port Commission and must be made available to the general public as required by law - RCW 53.35.010 and RCW 53.35.045. A Public Hearing for the Introduction of the Preliminary Budget is held before the final passage of the Budget, at which time the Port Commission will make final recommendations and adopt the budget. An announcement of the public hearing is made in the DAILY JOURNAL OF COMMERCE newspaper and copies of the preliminary budget are made available for distribution to any interested persons by a specified date as required by laws - RCW 53.35.020 and RCW 53.35.045.

Subsequent to the public hearing and Commission adoption of a final plan, the Statutory Budget is then filed with the King County Council and King County Assessor as required by law, by a specified date as allowed by RCW 53.35.045.

**c. Monitoring of Budget:**

Once an annual budget is in place, the Responsibility Report (comparing actual results to budget) is generated monthly and variances from the budget are analyzed and reported on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into the quarterly Financial Performance Report. The Financial Performance Report is a report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly variance/Financial Performance Report is a very important tool for management. The Financial Performance Report is presented to Executive Management and the Commission quarterly. This allows Executive Management and the Commission to make timely and well-informed decisions.

**d. Amending the Operating and Capital Budgets:**

The Executive Director of the Port of Seattle is authorized “Within Budget Limits” to transfer budgeted amounts between departments; however, any revisions that alter the total expenses Portwide that are not within the Executive Director Authorized Budget Limits require authorization from the Port Commission.

As per Resolution 3605, as amended, the Port Commission has adopted policy directives delegating administrative authority to the Executive Director for the purpose of day-to-day management and administration of the Port and as stated in sections 20.2.1 and 20.2.2 of said resolution:

20.2.1. "Annually Approved Capital Budget" means the list of capital projects (including small works projects) and the projected total dollar amount of upcoming budget-year spending associated with those projects which is presented to, and reviewed by, the Commission as part of the budget review process (i.e., the first year of the Capital Improvement Plan), or as subsequently amended by the Commission during the budget year.

20.2.2. "Annual Operating Budget" means the budgeted operating and non-operating revenues and expenses reviewed and approved by the Commission as part of the budget process, or as subsequently amended by the Commission during the budget year.

**e. Operating Budget Process:**

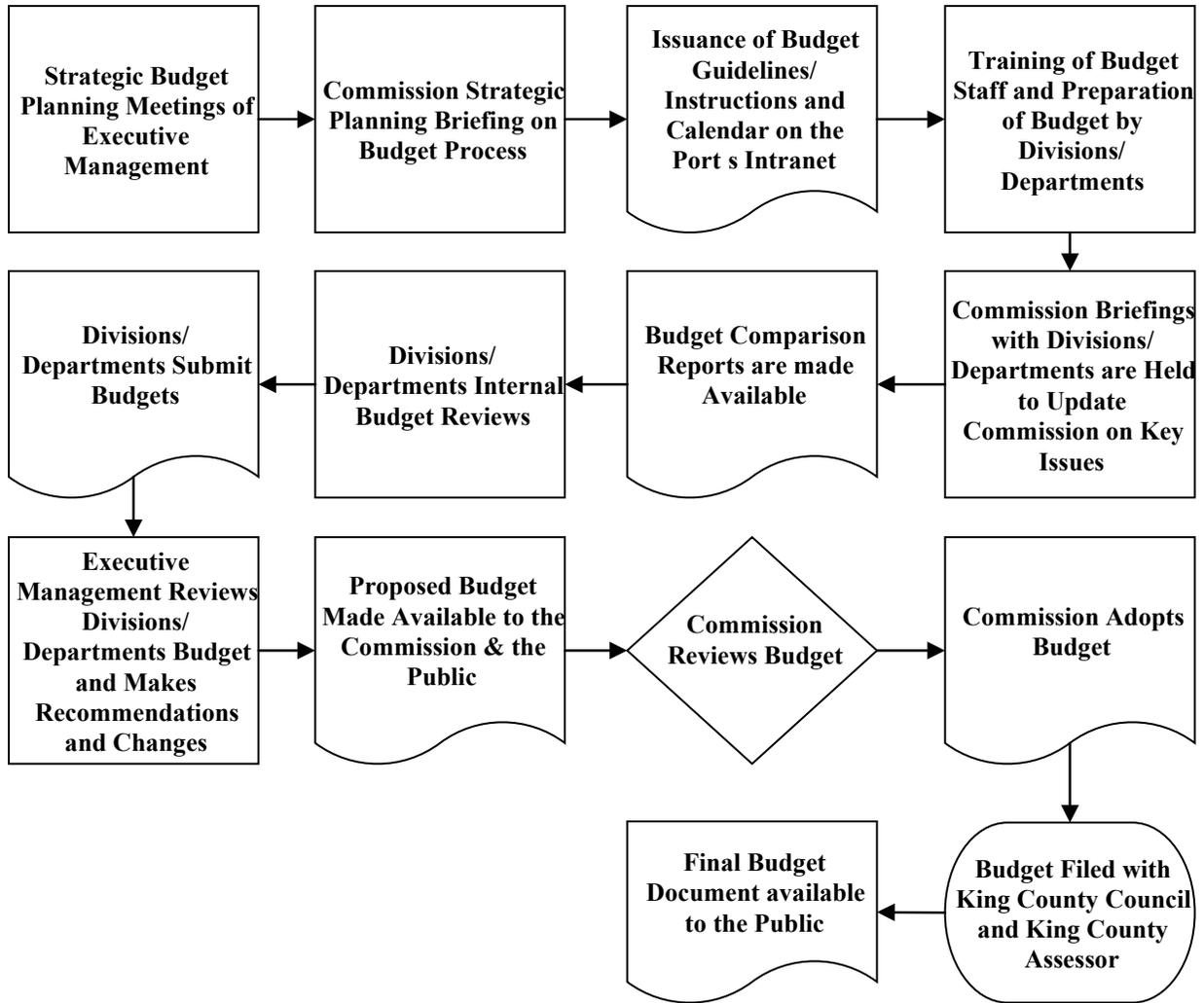
The steps in the 2024 operating budget process are as follows:

- Coordinate with the NWSA to make sure all the key dates for both the operating and capital budgets from the two entities work for each other at the beginning of the year.
- Budget planning meetings with the Executive Team to discuss key strategic initiatives and budget process.
- Commission strategic and business planning.
- Financial planning and analysis system training for budget users from the various divisions.
- Commission briefing on budget process and providing key budget assumptions to the Commission.
- Issuance of budget guidelines/instructions and budget calendar on the Port’s intranet.
- For the operating divisions, targets are developed based on the divisions’ business forecast.
- For Central Services, initial targets are based on a bottom-up assessment of needed resources to accomplish Portwide strategy/actions plans.
- Several Commission briefings by Central Services and the operating divisions are held during the year to update the Commission on key issues facing the business groups/departments and to solicit input for any changes in strategy.
- Financial planning and analysis system is prepared and made available for input.
- Actual preparation of the budget by divisions/departments.
- Costs of service departments are charged/allocated to the operating divisions and the NWSA according to the policy and the Service Agreements.
- Finance and Budget generates a budget comparison report that compares the proposed budget to the current year’s budget and last year’s actual. Finance and Budget also produces the current year’s Forecast Report.
- Divisions/departments complete their detailed budgets and are reviewed internally by their senior managers and Finance and Budget staff. These reviews include in-depth discussion of revenue and expense assumptions, new programs, initiatives, or other proposed increases in revenue, expenses as well as operational needs.
- Divisions/departments budgets are submitted to Finance and Budget and then reviewed against targets by the Executive Team.
- Executive Team makes recommendations and changes, which are incorporated into divisions and

departments budgets.

- Several Commission budget briefings are held on divisions/departments capital budget, operating budget, and Draft Plan of Finance.
- All budget issues are resolved, and changes are entered into the financial planning and analysis system.
- Finance and Budget staff generates various reports, ascertains that all approved changes are incorporated into the budget and reports are accurate.
- Finance and Budget prepares the preliminary budget document and releases the proposed budget to the Port Commission and to the public approximately three weeks before the Introduction and Public Hearing of the 2024 Budget.
- The Introduction and Public Hearing of the budget are held on the second Tuesday of November.
- The Adoption of the budget are held on the third Tuesday of November.
- Statutory Budget is filed with King County Council and the King County Assessor as required by law by November 30.
- Finance and Budget staff prepares and releases the final budget document to the public.

**FIGURE A-1: OPERATING BUDGET PROCESS FLOW CHART**



**f. Operating Budget Planning Calendar:**

<b><u>Date</u></b>	<b><u>Activity</u></b>
6/9/23	2024 Budget Planning with the Executive Leadership Team
6/29/23	Commission Budget Retreat
7/5/23	Financial planning and analysis system available for input
7/7/23	Budget Guidelines/Instructions and Calendar Available
7/7 - 10/6/23	Preparation of budget by divisions/departments
7/25/23	Budget Development Briefing
7/27/23	Commission Budget Retreat
8/4/23	Central Services Departments New Budget Requests Due to Finance & Budget (F&B)
8/7/23	Central Services Allocation forms available for review
8/14 - 8/22/23	Executive Review of Central Services Department's New Budget Requests
8/25/23	Central Services Departments Final Entries Completed
9/1/23	Non-Operating Budgets due to F&B
9/1/23	Central Services Budget Support Documentation due to F&B
9/8/23	Executive Review of Central Services' Operating & Capital Budgets
9/13/23	Executive Review of Maritime's Operating and Capital Budgets
9/13/23	Executive Review of EDD's Operating and Capital Budgets
9/14/23	Executive Review of Aviation's Operating and Capital Budgets
9/26/23	Commission Briefing on Central Services Operating Budget
10/10/23	Commission Budget Study Sessions for Aviation and Maritime Operating and Capital Budgets
10/11/23	Aviation Division budget public open house
10/12/23	Maritime and EDD Divisions budget public open house
10/24/23	Tax Levy and Draft Plan of Finance Commission Briefing
10/24/23	2024 Preliminary Budget document is available to the Commission
10/26/23	2024 Preliminary Budget document is released to the Public
11/14/23	Introduction of the 2024 Preliminary Budget and Public Hearing
11/21/23	Adoption of the 2024 Budget
11/30/23	Filing of Budget with King County Council & King County Assessor as required by law
12/8/23	Release of the 2024 Final Budget

## **2. CAPITAL BUDGET**

### **a. Capital Budget Policy:**

As part of the Strategic Budgeting process, Finance and Budget produces the Capital Budget and the Draft Plan of Finance. The Capital Budget consists of capital plans or the Capital Improvement Plan (CIP), over a five-year period, for all divisions: Aviation, Maritime, Economic Development and Central Services. The Draft Plan of Finance is a funding plan of the CIP that the Port publishes on an annual basis.

The divisions review and revise their CIP in conjunction with the review of their existing business goals and strategies. The CIP is comprised of Committed projects from the 2023 CIP, less any that have been deleted, plus any Prospective projects that may meet the criteria to move forward to Committed status. The CIP may include Business Plan Prospective projects if coverage targets are met. Divisions are encouraged to review CIP cash flows with respect to timing and reasonableness to ensure effective use of capital capacity.

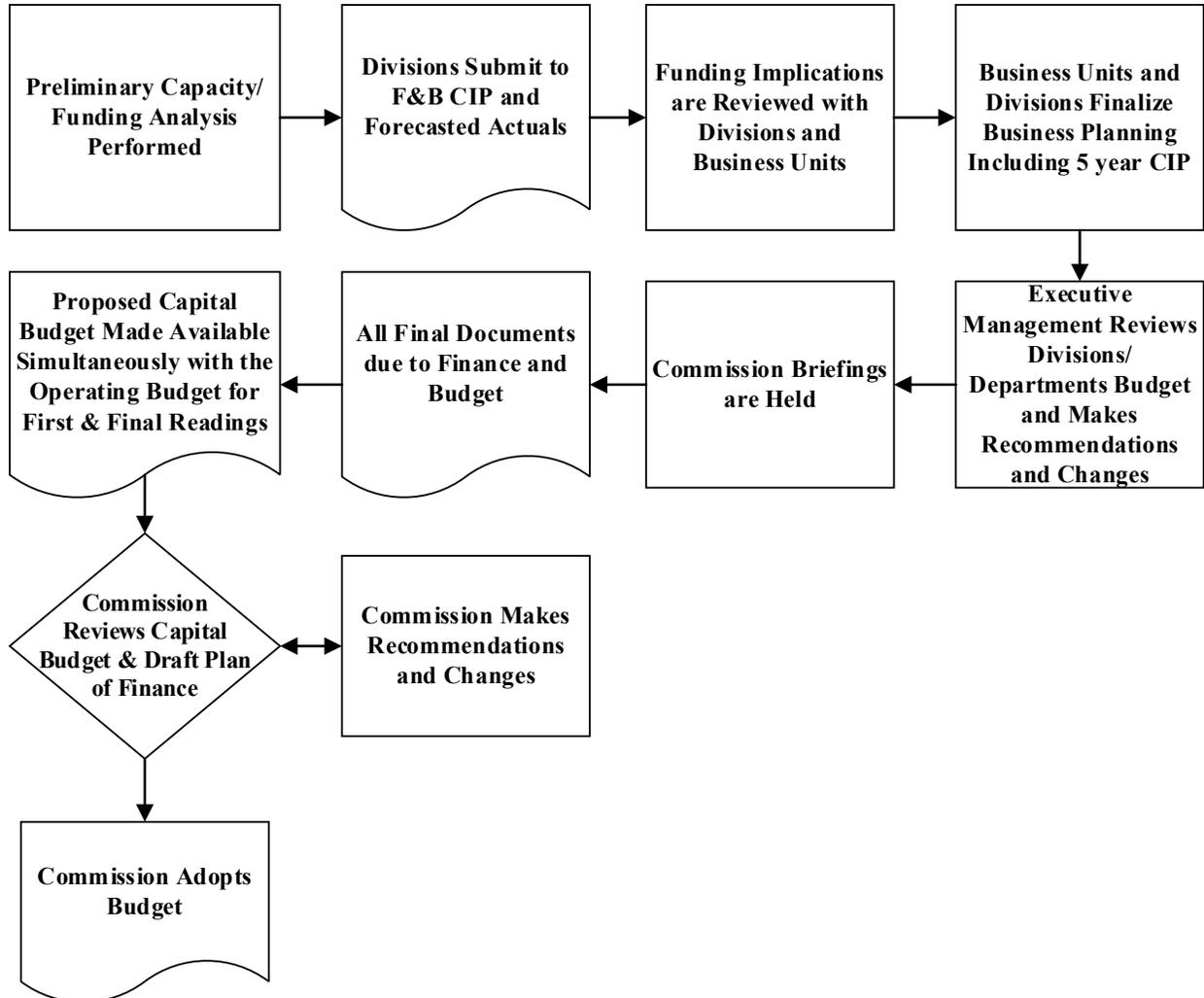
### **b. Capital Budget Process:**

- A preliminary capacity/funding analysis is performed once the 2nd quarter update is completed, but no later than by the end of August.
- At the end of September, divisions submit to Finance and Budget the CIP and 2024 forecasted actual (which includes actual through second quarter). The funding implications of these capital plans are then reviewed with the divisions and business units.
- Following Finance and Budget funding analysis and Executive review of preliminary plans, business units and divisions finalize their operating and financial goals, including their CIP for 2024-2028.
- This information is then reviewed by Executive, presented to the Commission, and included in the 2024 Final Budget document.

After the close of the 2023 fourth quarter in January 2024 and based on the 2023 fourth quarter CIP update, the divisions should have more refined capital spending estimates for 2024. Each division may choose to adjust the spending from the original list of projects in the Capital Budget, to establish the 2024 approved funding amount for each project and for the division as a whole. The adjusted Capital Budget will become the “Approved 2024 Capital Budget” and will be used for quarterly variance reporting during the year.

**Note:** Even though the Commission reviews the Capital Budget in November, each individual CIP project, with a total cost in excess of \$2.0M, is presented and approved by the Commission in public meeting for spending authority.

**FIGURE A-2: CAPITAL BUDGET PROCESS FLOW CHART**



**c. Capital Budget Planning Calendar:**

Following is the 2024 Capital Budget planning calendar:

<b><u>Date</u></b>	<b><u>Activity</u></b>
6/29/23	Commission Budget Retreat
7/25/23	Budget Development Briefing
7/27/23	Commission Budget Retreat
8/14 - 9/15/23	Executive Review of Operating and Capital Budgets for all divisions
9/8/23	Preliminary Aviation Forecast Model due to F&B
9/26/23	Commission Briefing on Central Services' Operating and Capital Budgets
10/2 - 10/6/23	F&B finalizes Capacity/Funding Analysis
10/10/23	Commission Budget Study Sessions for Aviation Operating and Capital Budgets
10/10/23	Commission Briefing on Maritime and EDD Operating and Capital Budgets
10/24/23	Tax Levy and Draft Plan of Finance Commission Briefing
10/26/23	2024 Preliminary Budget document is released to the Public
11/14/23	Introduction and Public Hearing of the 2024 Budget
11/21/23	Adoption of the 2024 Budget
11/30/23	Filing of Budget with King County Council & King County Assessor as required by law
12/8/23	Release of the 2024 Final Budget

## **APPENDIX B: FINANCIAL MANAGEMENT POLICIES**

The primary purpose of the Port is to broaden and strengthen the economic base of the port district. The Port uses key criteria in various combinations as it pursues its capital and operating programs and projects. Clearly, national and international economic strengths or weaknesses have a direct bearing upon the Port's financial viability and role as an economic engine for the region.

### **1. KEY FINANCIAL TOOLS**

The Port uses several tools to monitor its financial performance, and these are described below:

- a. **Long-term Targets**: The Port's long-term targets provide high-level policy guidance. These targets provide guidance to business planning for each division.
- b. **Operating Budget**: The Operating Budget is an essential tool for the Port's management planning, resource allocations, and control. It quantifies line of business and departmental plans for the next year in both operational and monetary terms. Throughout the year, the Responsibility Reports (which compare actual results to budget) are generated monthly and variances from budget are analyzed on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly forecast, which is incorporated into the quarterly Performance Report, which provides explanation of variances from the approved plan and is presented quarterly to Executive Management and Commission in public meetings, as necessary.
- c. **Balanced Budget**: The Port prepares an annual budget and supports, encourages, and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port's policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.
- d. **Operating Forecasts**: Included in the budget document are five-year forecasts or projections of the division's operating revenues and expenses. The first year of this forecast is the Operating Performance Budget.
- e. **Capital Budget and Capital Improvement Plan**: A detailed plan of proposed outlays or capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the proposed means of financing them through bond proceeds, grants, and operating revenues. This document serves as an operational and planning tool and it is directly tied to the business goals. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.
- f. **Capital Improvement Plan (CIP) Reserve**: The Capital Improvement Plan may include one or more CIP reserves to ensure funding capacity for unspecified projects (e.g., renewal and replacement), new initiatives and unforeseen needs. However, CIP reserves are not intended to anticipate all potential future spending and amounts will be determined by considering the data on historical capital trends, existing asset conditions, the status (level of certainty) of CIP forecasts, and any contingent risks that may require funding. The use of CIP reserves will be reviewed with the Commission annually during the budget process.
- g. **Capital Expenditures**: Expenditures that arise from the acquisition or improvement of the Port's fixed assets such as construction of new facility or renovation of existing facility; renewal, replacement or upgrading of mechanical, electrical, communications, HVAC, and plumbing systems; computer and office equipment; furniture and fixtures; vehicles, etc.
- h. **Capital Budget Impact on the Operating Budget**: Its impact on the Operating Budget is through Capitalized Labor or Charges to Capital Projects, which include the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating budget and then budgeted in the capital budget as part of the cost of the project(s). The Operating Budget is also impacted in the form of increased operating, maintenance, and depreciation expenses because of the

new assets. Depreciation is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn, or depreciated. The capitalized labor or charges to capital projects is displayed in table III-3 and the depreciation is displayed in table III-2. The capitalized labor is also displayed in similar tables in sections IV thru VII.

- i. **Plan of Finance**: The Five-year Capital Budget is the basis of the Plan of Finance. This document provides a funding plan of the capital program developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance, section X of this document.
- j. **Capital Investment Matrix**: The matrix provides an analytical framework for capital projects. The results of the analysis provide financial and non-financial information for the Port Commission as a guide for capital investment decisions.
- k. **Financial and Operational Indicators Report**: The Port uses financial and operating indicators to monitor its financial performance and budget. This report is produced and distributed monthly to the Port Commission and Executive Management.
- l. **Treasury Management**: Using its internal Treasury since July 2002, the Port has experienced increased investment earnings, faster mobilization of funds, on-line banking capabilities, easier accounts and full control of its cash and investments.
- m. **General Coverage Ratios and Cash Flow Margins**: As part of its financial modeling, the Port targets that Airport cash flow equals 1.25x of all Airport related revenue debt and that Non-Airport cash flow equals 1.8x of all Non-Airport related revenue debt. In addition, the Port targets general obligation bond debt service not to exceed any more than seventy-five percent of the annual tax levy.
- n. **Bond Coverage Ratios**: The Port, through financial modeling, runs projections for its revenue bond debt service coverage ratio. Although the Port has an obligation under First Lien Revenue Bond covenants to maintain a ratio of 1.35x, as a matter of practice a ratio of at least 1.8x is maintained. Debt service coverage may fall below this target level during periods of construction borrowing prior to the time that revenue producing assets come on-line.
- o. **Fund Balances**: Working capital fund balances are maintained in the General Fund and the Airport Development Fund. The targeted level for the General Fund is approximately twelve months of operating and maintenance expenses other than Airport related expenses. The targeted level for the Airport Development Fund is eighteen months of Airport related operating and maintenance expenses to be achieved by 2025. \$5M in the Renewal and Replacement Fund as required by bond documents.
- p. **Performance/Variance Report**: This report is in narrative format explaining the reasons for or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.
- q. **Commitment Control**: The Port has in place a commitment control ledger that monitors department budgets, and which prevents departments from exceeding their total budget without appropriate approval.

## 2. FINANCIAL POLICIES AND DESCRIPTION OF MAJOR FUNDS

This section, pages XIII-12 through 18, presents a summary of the Port's major financial policies and description of its major funds.

- a. **Organization:** Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. The Port is considered a special purpose government with a separately elected commission of five members and is legally separate and fiscally independent of other State or local governments.
- b. **Reporting Entity:** The Port reports the following fund: the Enterprise Fund accounts for all activities and operations of the Port.

There are dozens of sub-funds that are summarized into the Enterprise Fund. The Enterprise fund is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its sub-fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions - Aviation, Maritime, and Economic Development.

Within the Enterprise Fund, the Port segregates non-operating expenses made for other public entities which are generally funded by the ad valorem tax levy. This includes expenses for district schools and infrastructure improvements to the state and region in conjunction with other agencies. These projects are controlled by other governmental entities and are not reflected as Port assets.

In 2015, the Port underwent a series of reorganizations to strategically position the Port to achieve future growth, operational excellence, and talent development.

Operation of the Port's main cargo business was transferred to the Northwest Seaport Alliance, a joint venture with the Port of Tacoma, which unified the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. The remaining Seaport businesses became a part of the new Maritime Division.

The Northwest Seaport Alliance is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. The Pacific Northwest is a key region for inbound and outbound United States cargo, moving cargo not only for the regional trade, but also cargo headed to destinations throughout the entire U.S. Midwest, and this Alliance will help the region remain competitive into the future. This is truly historic and signals a new era of cooperation between the ports. Combining the strong cargo terminal operations will make the region more competitive in the global economy and create new jobs in Washington.

The two ports have moved from fierce competitors to bold collaborators to form a new business model for the greater good of the region. The ports recognized how critical the maritime industry is to the state's economy and are proud and excited to strengthen it even more.

Together, the ports can more efficiently deploy the significant investments each port has devoted to infrastructure and speak with a stronger voice on pressing regional and industry-related issues. While the ports remain separate organizations that retain ownership of their respective assets, they formed a port development authority (PDA) to manage the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The PDA is governed jointly by the two ports through their elected commissions.

Effective January 1, 2016, the Port is comprised of three operating divisions, namely Aviation, Maritime and Economic Development.

The Aviation Division ("Aviation") operates Seattle-Tacoma International Airport (SEA) which serves the predominant air travel needs of a five-county area. The Airport is ranked as 11th busiest airport in the U.S. serving 45.9 million passengers and more than 456,289 metric tons of air cargo in 2022. Thirty-three airlines serve 92 non-stop domestic and 29 international destinations including Canada, Mexico, and seasonal operations.

The Maritime Division manages industrial property connected with maritime businesses, recreational marinas, Fishermen's Terminal, cruise, grain, and maritime operations.

The Economic Development Division focuses on managing the Port's industrial and commercial properties including conference and event centers, encouraging tourism, developing small business opportunities, and providing for workforce development in the aviation, maritime and construction industries.

Central Services provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port; it also delivers projects and provides technical and contracting services in support of the operating and infrastructure needs of the Port through Capital Development. Central Services expenses are allocated and charged to the operating divisions.

- c. **Basis of Accounting and Budgeting:** The Port does not distinguish between the Basis of Accounting and the Basis of Budgeting since the principles set forth as the Basis of Accounting are observed in the budgeting process. The Port is accounted for on a flow of economic resources measurement focus. The financial statements and the budget are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed.

The Government Accounting Standard Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port adopted the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and American Institute of Certified Public Accountants (AICPA) Pronouncements. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued by Financial Accounting Standard Board ("FASB") pronouncements which does not conflict with or contradict GASB pronouncements and eliminates the option to apply post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements.

- d. **Use of Estimates:** The preparation of the Port's budget in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in reporting of revenues and expenses in certain instances. Thus, actual amounts could differ from those estimates.
- e. **Operating Revenues:** Fees for services, rents, and charges for the use of Port Facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment, Property Rentals, and other revenues generated from the Port's operations are reported as operating revenue.
- f. **Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port's business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges, and other revenues generated from non-operating sources are classified as non-operating.

- g. **Operating & Maintenance Expenses**: Cost or charges that arise from the normal operation of the Port's business. These are costs or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct Charges, even those from Central Services and from other Divisions.
- h. **Non-Operating Expenses**: Cost or charges that do not arise from the normal operation of the Port's business. An example is interest expense.
- i. **Capital Policy**: The Port's policy is to capitalize all asset additions or **Tangible Assets (Property, Plant, and Equipment)** and **Intangible Assets**, if they exceed \$20,000, whether it is a single payment or an accumulation of related costs and with an estimated useful life of more than three years. Any asset costing less than \$20,000 is expensed. Land, facilities, and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment 3 to 20 years, and furniture and fixtures 5 to 10 years.
- j. **Debt Policy**: The Port's debt policy is designed to ensure appropriate use and management of debt including compliance with various laws, regulations and agreements and effective management of risk. The policy requires use of an independent financial advisor and describes the roles of Commission and staff. The policy describes the type and structure of debt and sets forth limitations on new debt. Key limitations include minimum debt service coverage requirements for revenue bond debt of 1.25x for the Airport and 1.8x for the Non-Airport businesses and that General Obligation bond debt service cannot exceed 75% of the annual tax levy. The policy establishes savings targets for refunding ranging from 3% for a current refunding with a short-term maturity/call date to 9% for a LIBOR based swap refunding with a long-term maturity/call date. The policy also provides guidelines for the sale of bonds.
- k. **Ad Valorem Tax Levy**: Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses. The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all property is required annually. Taxes are due in two equal installments on April 30 and October 31. Collections are distributed to the Port by the County Treasurer.
- l. **Description of Funds**: The Port has a single Enterprise Fund and for management purposes the Port has established multiple sub-funds. The Enterprise Fund accounts for all activities and operations of the Port and for all of its assets and liabilities. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties.

Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

Included in the Enterprise Fund is the Port’s Tax levy sub-fund and related Harbor Development and Transportation and Infrastructure sub-funds; these are the Port’s Governmental Funds. The Port’s enterprise fund increased primarily due to the bond proceeds from a revenue bond issuance in July 2021. The Tax levy sub-funds declined primarily due to spending from the Harbor Development fund on the construction of terminal 5.

**TABLE B-1: FUND BALANCES**

	General Government	Debt Service	Assets (1) as of September 30, 2022 (\$ million)	Assets (1) as of September 30, 2023 (\$ million)	Change (\$ million)
Enterprise Fund (2)	X	X	2,041.5	1,947.7	(93.8)
Tax levy Sub-funds (3)	X	General Obligation only	106.0	115.9	9.9

Notes:

- 1) Includes, cash, short-term investments, and long-term investments.
- 2) Includes Tax levy sub-funds. Estimate based on cash and investment allocated to the sub-funds, not accrued assets.
- 3) Tax levy sub-funds: Tax Levy, Harbor Development and Transportation and Infrastructure.

There is no separate appropriation process to make payments from the Enterprise Fund; funds are deemed appropriated upon spending authorization. Most operating expenditures are authorized with adoption of the budget. Larger contracts, either operating or capital require separate authorization. Sub-funds are used to pay expenditures based on the described uses of the sub-fund.

Descriptions of some of the major sub-funds are:

**TABLE B-2: FUND DESCRIPTIONS**

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
1. Operating	Airport Development Fund (ADF)	03040	This is the operating fund for the Seattle-Tacoma International Airport (Aviation division). The fund receives operating revenues derived from all airport sources and funds operating and maintenance expenses related to the Airport. The fund also receives Airport Improvement Program grants reimbursement receipts. Transfers made from this fund include funding for Aviation related revenue bond fund debt service. Capital acquisition expenditures which are not otherwise funded are also made from this fund. Other expenditures include operating and administrative expenses and non-operating expenditures associated with Central Services that are allocated to Aviation.

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
	General Fund	00010	<p>The general fund is the operating and capital fund for all Port-owned properties with the exception of the Seattle-Tacoma International Airport (Aviation). This includes Maritime, Economic Development, and the Port’s membership interest in the NWSA (collectively referred to as “non-airport” businesses). Operating revenues derived from these other sources and excluding the Industrial Development Corporation are deposited to this fund. The fund also receives non-operating revenues that are associated with these non-airport businesses or are Central Services in nature. Expenditures from this fund include:</p> <ul style="list-style-type: none"> <li>• Non-airport operating and administrative expenses; capital equipment purchases and construction projects, excluding projects funded with other funding sources (for example, certain expenses may be funded from the tax levy fund, as directed by Port Commission)</li> <li>• Operating expenses for Central Services allocated to the non-airport businesses</li> <li>• Central Services capital equipment purchases and capital projects that are ultimately allocated to the operating divisions through allocated depreciation and appropriate portions of capital that is split between the airport and non-airport businesses.</li> <li>• Non-operating expenditures that are directly associated with non-airport businesses.</li> <li>• Port payrolls, purchases of materials, supplies and services, and non-airport capital acquisition expenditures which are not otherwise funded are made from this fund. Periodic reports are generated indicating what general fund monies have been expended for payrolls or accounts payable that properly should have been paid out of the other funds. These amounts will then be transferred from such other funds to the general funds as reimbursements.</li> </ul>
	Tax Levy	00020	<p>The Tax Levy fund was established in 2002 and is used to receive the ad valorem taxes levied on real properties within the Port’s District (King County). Prior to 2002, the tax levy proceeds were deposited into the General Fund. Other items deposited to this fund include Receipts in lieu of taxes, Tax sales and refunds, Investment income and expense, Tax adjustments, Tax supplements and cancellations. Proceeds are used for General Obligation (G.O.) bonds debt service, and to fund capital, expense and special item projects that meet criteria established by the Port, or as directed by Port Commission.</p>
	Transportation & Infrastructure Reserve (TIF)	00021	<p>Established in 2010, as per the 2010 Commission approved budget, the TIF can be used for any lawful purpose just the same as Tax Levy Fund. The TIF initial funding source is from the Tax Levy fund, and the fund balance is reviewed at least annually with Port staff and Commission.</p>

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
	Harbor Development Fund (HDF)	00022	In 2017 the Port set aside funds in the HDF to help fund future development in the North Harbor (NWSA). The HDF was initially funded with a portion of the 2017 G.O. bond proceeds, which were issued to reimburse the Port for prior year cash payments made to the State of Washington on the Alaska Way Viaduct project. The HDF is legally separate from any tax levy collections and is available to pay revenue bond debt service, if the Port chooses.
	Customer Deposits	06010	This fund has been established as a depository of lease deposits and other monies held by the Port as surety but belonging to Port of Seattle customers.
2. Special Facility	Passenger Facility Charges (PFCs) <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Capital</li> </ul>	06054 03060	PFC Revenues are derived from passenger facility charges levied on embarking passengers at Seattle-Tacoma International Airport. The collected revenues are used to pay debt service on PFC Revenue Bonds, debt service on other revenue bonds related to FAA approved projects, and for specifically designated airport facility improvements projects. All PFC's revenues are deposited to the Revenue fund (06054). From the Revenue fund, there is a required monthly transfer to the Debt Service fund (by the 25th of each month) equal to 1/6 <sup>th</sup> of semi-annual PFC debt service payment. The remaining balance in the Revenue fund, which includes interest earnings, is then transferred to Capital fund (03060).
	Customer Facility Charge (CFC)	CFC01	Established in 2006, the CFC Fund holds revenue derived from charges imposed upon customers of rental car companies accessing the Airport, and taxable revenue bond proceeds issued to fund the Consolidated Rental Car Facility (CRCF). Funds are to be used to pay debt service on those bonds, construction costs for the CRCF project, any future capital maintenance projects, and specified CRCF operating expenses.
	Fuel Hydrant Fund <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Debt Service</li> <li>• Project</li> <li>• Reserve</li> </ul>	Held in Trust	The funds accruing to the Fuel Hydrant Revenue Fund are derived from Pledged Lease Revenue and Other Revenue as defined in Resolution No. 3504, as amended. Funds are to be used to pay Fuel Hydrant bonds debt service. All Fuel Hydrant revenues are deposited to the Revenue account. From the Revenue account, there is a required monthly transfer to the Debt Service account equal to 1/6 <sup>th</sup> of the semi-annual interest and 1/12 <sup>th</sup> of the annual principal amounts. The remaining balance of the Reserve account, which is interest earnings, is then transferred to Capital account.
3. Debt Related	Bond Funds	Various	The Port of Seattle issues bonds pursuant to bond resolutions to fund its Capital Improvement Program. Proceeds from bond issues are used to fund construction, capitalized interest, and reserves, see below.

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
	Capitalized Interest Fund (Cap-I)	Various	Established at the time of bond issuance, Cap-I funds are additional bond proceeds to be used to pay interest expense on the bonds before the capital assets funded by the bonds go into use and are able to generate revenue to repay principal.
	Construction Fund (CF)	Various	Proceeds from bond issues are used for the Port’s facilities expansions and improvements, land acquisition, and/or pay interest. Separate funds are set up for each bond issue to allow for the tracking and reconciliation of bond proceeds expenditures.
	Debt Service Reserve Fund (DSRF)	Various	Established at the time of bond issuance for the purposes of securing the payment of principal and interest on related outstanding bonds. Terms set forth in the bond covenants dictate how much the Port is required to maintain in the Reserve fund. Not all bond issues have a cash funded Reserve fund; the Port may instead choose to maintain qualified surety and/or a qualified letter of credit.
	Debt Service Fund (DSF)	Various	DSF’s serve as pass-through funds. Transfers are made periodically to the DSF, typically on the debt service date, for an amount sufficient to meet the debt service requirements. The source of the funds transfer depends on the related debt and may be made, legally, from any operating fund, but it is the Port’s intent to make such transfers from the General Fund, Tax Levy Fund and/or Airport Development Fund.
4. Other Operating	Repair and Renewal Fund	03150	Established pursuant to Master Resolution 3577, Section 4. (b), the proceeds of the fund may be used by the Port to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, repairs, and renewals of the facilities of the Port.
	Environmental Settlement	ENVIR	Established 2008, the fund is used for environmental settlement money received for cleanup work the Port is engaged to do. Consequently, there are restrictions on how proceeds are used.
	Industrial Development Corporation (IDC)	IDC01	The IDC of the Port of Seattle is a special purpose government with limited powers. It was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84) for the purpose of facilitating industrial expansion through tax-exempt financing. The IDC fund balance is comprised from compensation from companies that borrow through the IDC, and investment earnings. IDC “surplus” funds may be used for any allowable purposes as provided by state law: allowable under the Port’s authorized powers to engage in economic development programs, and for growth management, planning or other economic development purposes.

### **3. REVENUE AND EXPENSE ASSUMPTIONS**

The 2024 Operating Revenues are developed based on the terms of various lease agreements and on forecasted activity levels. Operating Expenses are developed based on historical experience, forecasted activity levels and inflation.

Aviation aeronautical revenues, which are based on cost-recovery, are budgeted at \$528.0 M, an increase of 4.6% compared to the 2023 budget. Non-aeronautical revenues are budgeted at \$332.9 M, which is 12.4% higher than the 2023 budget mainly driven by higher demand for Public Parking, Rental Cars, and Airport Dining and Retail. The 2024 Aviation expenses are expected at \$502.4 M, an increase of 9.1% from the 2023 budget mainly driven by increases in payroll, airline realignment, and other expenses.

Maritime revenues are budgeted at \$86.1M, an increase of 13.5% over the 2023 budget mainly due to the expected revenue increases in Cruise Operations. Grain revenue is expected to be flat compared to the 2022 budget. Maritime expenses are budgeted at \$72.4M, an increase of 9.5% compared to the 2023 budget mainly due to pay increase.

Economic Development revenues are anticipated at \$21.5M, a reduction of 3.0% compared to the 2023 budget due to lower revenues from the Conference & Event Centers and the Bell Street Garage. The 2024 Economic Development expenses are budgeted at \$30.6M, an increase of 1.5% from the 2023 budget driven by higher payroll costs, partially offset by lower costs associated with less Conference & Event Center volumes.

- Enplaned passengers for 2024 are expected to be 2.1% above the 2019 pre-Covid level.
- Cruise forecasts 100% occupancy rate and a sailing schedule based on tentative berth reservations.
- Grain volume is budgeted at 3.7 million metric tons based on forecast from tenant, 14% decrease from 2023 budget.
- Recreational Marinas occupancy rate budgeted remain steady from previous years at Shilshole Bay Marina.
- Commercial Properties are expected to remain at 90% or greater occupancy at year-end 2024, consistent with a forecasted occupancy.

Port-wide salaries for non-represented (exempt and non-exempt) employees have been budgeted for a 5% cost of living increase starting in February 2024 and a 2% average annual Pay for Performance increases beginning in March 2024. Benefit costs for employees in non-union jobs are budgeted in two parts:

- The first part is a flat dollar amount per employee per month and covers costs that are not related to employees' pay. This includes medical and dental coverage, Wellness Rewards Program costs, 401(a) contributions, and Flexible Spending Account fees. This amount is \$1,406.92 per employee per month.
- The second part covers costs that are related to employees' pay. This includes FICA, PERS, life and disability insurance as well as PTO and Sick Leave amounts together with the new Washington Paid Family and Medical Leave Act. These items are estimated to total 21.12% of pay in 2024.

## **APPENDIX C: BUSINESS ASSESSMENT**

### **1. National and Local Economy and Outlook**

Economic growth has resumed largely due to fiscal and monetary policy that provided approximately \$6.0 trillion in stimulus programs to support businesses, increase state and local funding, and provided direct payments to individual. Strong demand for commodities coupled with low supplies has caused inflation rates to surge. Although inflation have been diminishing, it continues to remain high. In June, Consumer Price Index (CPI) increased 3.0% year-over-year compared to the 8.9% peak recorded in the same period last year. The decline in June was primarily due to the 16.7% decrease in energy prices, however, food prices and shelter costs increased 5.7% and 7.8%, respectively. To mitigate inflation, the Federal Reserve raised the interest rates starting in March 2022 through July 2023, however, this may potentially impact economic growth.

Real GDP rose to an annual rate of 2.1% in the second quarter of 2023 based on the estimate from the Bureau of Economic Analysis. This increase can be attributed to growth in nonresidential fixed investment as well as increase in state and local government spending and consumer spending. The Washington State Economic and Revenue Forecast Council's (ERFC) forecast for Real GDP growth is 1.2% for 2023, 0.7% in 2024, 2.0% in 2025 and 2026.

A total of 209,000 non-farm jobs were added in June with an average of 316,000 jobs over the last twelve months. Private service-providing industry added 120,000 jobs which mainly comprised of health care and social assistance employment at 65,200 followed by Leisure and hospitality at 21,000. Similarly, government employment increased by 60,000 and construction jobs increased by 23,000 jobs despite the decline in the housing market. The unemployment rate declined significantly after surging to 14.8% in April 2020 due to the pandemic. The unemployment rate in May was recorded at 3.7% and dropped to 3.6% in June. The expected unemployment rate for 2023 to 3.6% before steadily increasing to 4.4% in 2025. However, it is expected to decrease to 4.1% in 2027.

Washington state's economic growth remain strong. The unemployment rates decreased to 4.3% in April and further declined to 4.1% in May. A total of 17,800 jobs were added in the Private services-providing sectors between January through May of this year. The manufacturing sector added a total of 5,100, of which 2,400 came from aerospace. Construction also added 4,400 jobs. Federal government jobs added 2,900 jobs. Forecast for employment growth is a 2.1% increase in 2023 and an average increase of 0.7% from 2024 through 2027.

Washington state housing construction increased in early 2023 after decelerating in 2022. The total number of housing units authorized by building permits during the first quarter of 2023 was 41,900 units Seasonally Adjusted Annualized Rate (SAAR) up from 38,000 during the fourth quarter of 2022. The permits comprised of 14,900 single-family units and 21,000 multi-family units.

The seasonally adjusted Seattle CPI rate of 4.6% recorded between June 2022 to June 2023 surpassed the 3.1% increase in the U.S. City Average index. Core prices rose 5.3% compared to 4.9% in the national index. Seattle's shelter cost was at 9.0% while national average was recorded at 7.8%. Excluding shelter costs, Seattle's inflation was 3.5% while the national average was 0.7%.

#### **Sources:**

[https://erfc.wa.gov/publications-September Quarterly, November Monthly update](https://erfc.wa.gov/publications-September%20Quarterly,%20November%20Monthly%20update)

<https://www.bea.gov/news/2023/gross-domestic-product-third-estimate-corporate-profits-revised-estimate-second-quarter>

<https://www.forbes.com/advisor/investing/fed-funds-rate-history/>

**TABLE C-1: SUMMARY FORECAST**

<b>SUMMARY FORECAST (Annual Percent Change)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Washington State Economic Forecast</b>							
Non-farm Payroll Employment (% Ch)	2.6	4.7	2.1	0.2	0.7	1.0	1.0
Unemployment Rate (%)	5.2	4.2	4.4	4.9	4.9	4.7	4.5
Real Personal Income (% Ch)	4.1	-3.8	1.1	2.1	3.0	3.2	3.2
Seattle Consumer Price Index (% Ch)	4.7	8.9	5.8	2.8	2.1	2.0	2.2
Housing Units Authorized by Bldg. Permits (% Ch)	29.8	-13.9	-17.6	4.8	4.0	1.7	0.7
Total Population (in 000's)	7,767.0	7,864.4	7,951.6	8,025.2	8,100.4	8,182.1	8,263.3
% Change	0.8	1.3	1.1	0.9	0.9	1.0	1.0

Source: Washington State Economic and Revenue Forecast Council, June report.

**TABLE C-2: STATE EMPLOYMENT BY INDUSTRY**

<b><u>Washington State 2022 Average Employment Classified by Industry</u></b>			
<b>Industry description</b>	<b>Average Firms</b>	<b>Average Annual Employment</b>	<b>Average Annual Wage</b>
Agriculture, forestry, fishing, and hunting	6,305	94,641	\$ 38,844
Mining	142	1,941	\$ 79,969
Utilities	234	5,521	\$ 121,968
Construction	28,451	219,220	\$ 76,433
Manufacturing	7,891	265,923	\$ 88,402
Wholesale trade	12,467	135,115	\$ 98,450
Retail trade	14,227	333,601	\$ 45,929
Transportation & warehousing	5,162	125,235	\$ 72,176
Information	6,612	153,560	\$ 237,159
Finance and insurance	7,015	97,812	\$ 124,690
Real estate, rental and leasing	7,302	57,266	\$ 74,568
Professional, scientific, and technical services	36,422	250,149	\$ 129,739
Management of companies and enterprises	678	104,067	\$ 196,610
Administrative and waste management services	13,791	183,251	\$ 67,097
Educational services	3,996	47,427	\$ 47,735
Health care and social assistance	38,788	443,928	\$ 63,292
Arts, entertainment, and recreation	3,122	49,436	\$ 43,237
Accommodation and food services	15,144	271,974	\$ 30,497
Other services (except public administration)	20,428	98,900	\$ 51,747
Government	2,128	553,183	\$ 77,923
<b>Total *</b>	<b>230,302</b>	<b>3,492,150</b>	<b>\$ 82,912</b>

\* Total and average of statewide rollup data. Employment and wages are not shown for some subsectors to avoid disclosure of data for ind. employer.

Source: <https://esd.wa.gov/labormarketinfo/covered-employment>

**TABLE C-3: TOP 10 PUBLIC COMPANIES IN WASHINGTON**

<b>Top 10 Companies with HQ in Washington State</b> <i>(ranked by Revenues)</i>			
<b>Company</b>	<b>No. of Employees</b>	<b>Revenues (\$000)</b>	<b>Website</b>
Amazon.com	1,608,000	\$514,000,000	www.amazon.com
Costco Wholesale	298,000	\$227,000,000	www.costco.com
Microsoft	220,000	\$198,270,000	www.microsoft.com
T-Mobile	75,000	\$79,600,000	www.t-mobile.com
Deloitte	345,374	\$50,200,000	www.deloittedigital.com
Providence	120,000	\$39,000,000	www.providence.org
Starbucks	349,000	\$32,300,000	www.starbucks.com
Nordstrom	74,000	\$15,500,000	www.nordstrom.com
SPIE	45,500	\$7,200,000	www.spie.org
Avanade	56,000	\$2,000,000	www.avanade.com/en

Sources:

<https://www.zippia.com/advice/largest-companies-in-washington/>

<https://www.bizjournals.com/seattle/subscriber-only/2023/07/07/largest-washington-based-public-companies.html>

## **2. Economic Impact Study Summary:**

The Port of Seattle retained Community Attributes Inc. (CAI) in 2018 to evaluate the economic impacts generated by Port of Seattle’s aviation and maritime businesses. Cumulatively, the Port’s activities and operations helped generate 121,200 direct jobs and \$19.2M in business revenue. The combined figures reflect data results for cruise activity included in the 2019 report while airport, cargo, fishing, and other maritime activities were included in the 2018 reports. Moreover, the combined figures include activities at both Seattle and Tacoma cargo terminals managed by the Northwest Seaport Alliance.

### **Seattle-Tacoma International Airport (SEA):**

SEA, owned and operated by the Port of Seattle, is an important economic engine for the Pacific Northwest connecting businesses, trade, and leisure travelers. Business activity data collected for the 2018 study demonstrated SEA’s role as a major driving force for regional prosperity generating the following impacts to the local and regional economy:

- A total of 151,400 jobs was generated including 87,300 direct jobs.
- Total personal income was \$7.1B.
- Business revenue was \$22.5B.
- State taxes of \$415M reflected both direct and secondary activities.

### **Commercial Fishing and Recreational Boating Industries:**

Port of Seattle’s marinas (Shilshole Bay, Salmon Bay, Bell Harbor and Harbor Island) and other properties serve as critical assets to the region’s recreational boating industry. The Port’s marinas support various economic activities which include Washington’s largest liveaboard community, onsite restaurants, and fuel and vessel maintenance and repairs. The Port also offers moorage for tugboats, barges, and research vessels. Furthermore, the Port’s industrial lands are leased by non-maritime tenants such as operators of warehouses for non-containerized cargo, local manufacturers, and retailers. Likewise, the Port’s commercial properties (i.e., Fishermen’s Terminal, Maritime Industrial Center, Terminal 91, etc.) play a major role in supporting the regional fishing industry. These facilities are used by a large majority

of the North Pacific Fisheries Fleet as well as other fishing vessels that operate in the Puget Sound and the West Coast of the Olympic Peninsula. The results of the 2019 study underscore the importance of Port facilities in the region; highlights include:

- \$671.3M of Direct Business Output from Commercial Fishing including 7,000 direct jobs.
- Fishing vessels moored at Port facilities generated gross earnings of more than \$455.0M in 2017.
- \$729M of Direct Business Output from Recreational boating including 3,620 jobs.
- Recreational boating generated more than \$357M in labor compensation.

**Maritime Cargo:**

In 2015, the ports of Seattle and Tacoma formed the Northwest Seaport Alliance (NWSA) to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region. The Northwest Seaport Alliance represents one of the largest cargo-loading centers in the United States. In 2018, the NWSA commissioned a report on the economic impact of marine cargo. Key points of the 2018 study are as follows:

- NWSA directly supported 20,100 jobs with \$1.9B in labor income in 2017.
- Average annual wage including benefits for direct jobs supported by Marine Cargo was approximately \$95,000.
- NWSA marine cargo directly supported \$5.9B in business output in 2017.
- Direct and secondary economic activities generated nearly \$136M in taxes.

**Cruise Industry:**

Cruise ships utilizing the Port of Seattle facilities support economic activities by procuring supplies from local suppliers and vendors, offering shore services to cruise passengers, and commissioning service companies to repair or service equipment. Furthermore, cruise passengers and crew support the economy through their spending on local goods and services. The 2019 economic impacts of the Port of Seattle's cruise business include:

- Cruise activities create nearly \$900M a year in total local business revenue.
- Each homeport ship call contributes an average \$4.2M to the state's economy and supports over 5,500 jobs.
- Estimated \$260.1M in labor income and business output of \$893.6M in 2019.

The Full Economic Reports for the Airport, Commercial Fishing and Recreational Boating, Marine Cargo and Cruise are available on the Port's website: <https://www.portseattle.org/page/economic-impact-and-tax-levy>.

**APPENDIX D: BOND AMORTIZATION SCHEDULES**

**TABLE D-1: BOND AMORTIZATION SCHEDULE FOR 2024**

Bond Type Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2024	2024 Principal Payments		Outstanding Dec. 31, 2024	Interest Payments [1]	
				Due Date	Amount		Due Date	Amount
<b><u>GENERAL OBLIGATION BONDS</u></b>								
Limited Tax G.O., Series 2013B Taxable	\$75,165,000 [3]	03/26/13	1,225,000		-	1,225,000	05/01, 11/01	33,933
Limited Tax G.O., Series 2015	\$156,990,000 [4]	04/28/15	111,030,000	06/01/24	7,150,000	103,880,000	06/01, 12/01	4,659,400
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	109,465,000	01/01/24	3,540,000	105,925,000	01/01, 07/01	5,384,750
Limited Tax G.O., Series 2022A	\$15,115,000 [5]	01/26/22	12,055,000	12/01/24	1,775,000	10,280,000	06/01, 12/01	602,750
Limited Tax G.O., Series 2022B	\$94,345,000 [6]	01/26/22	81,585,000	12/01/24	9,765,000	71,820,000	06/01, 12/01	1,771,451
<b>TOTAL GENERAL OBLIGATION BONDS</b>			<b>315,360,000</b>		<b>22,230,000</b>	<b>293,130,000</b>		<b>12,452,284</b>
<b><u>REVENUE BONDS</u></b>								
<b><u>First Lien Bonds</u></b>								
Series 2009B-2	\$22,000,326 [7]	07/16/09	62,917,653		-	67,659,694 [7]		-
Series 2016B - Ref. 2007B	\$124,380,000 [8]	08/02/16	92,930,000	10/01/24	8,425,000	84,505,000	04/01, 10/01	4,646,500
Series 2016C - Ref. Taxable	\$6,180,000 [8]	08/02/16	4,255,000	10/01/24	425,000	3,830,000	04/01, 10/01	123,264
Series 2021 Refunding	\$43,015,000 [9]	06/30/21	27,280,000	09/01/24	8,655,000	18,625,000	03/01, 09/01	1,364,000
<b>Total First Lien Bonds</b>			<b>187,382,653</b>		<b>17,505,000</b>	<b>174,619,694</b>		<b>6,133,764</b>
<b><u>Intermediate Lien Bonds</u></b>								
Series 2013 Revenue Refunding	\$139,105,000 [10]	12/17/13	99,785,000	07/01/24	14,720,000	85,065,000	01/01, 07/01	4,964,250
Series 2015A New Money	\$72,010,000	08/06/15	60,055,000	04/01/24	2,315,000	57,740,000	04/01, 10/01	2,928,175
Series 2015B Refunding	\$284,440,000 [11]	08/06/15	138,155,000	03/01/24	8,620,000	129,535,000	03/01, 09/01	6,692,250
Series 2015C New Money	\$226,275,000	08/06/15	182,970,000	04/01/24	8,400,000	174,570,000	04/01, 10/01	8,938,500
Series 2016 Refunding	\$99,095,000 [12]	08/02/16	99,095,000		-	99,095,000	02/01, 08/01	4,915,900
Series 2017A Revenue Refunding	\$16,705,000 [13]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [13]	08/22/17	183,760,000	05/01/24	17,885,000	165,875,000	05/01, 11/01	6,274,794
Series 2017C New Money	\$313,305,000	08/22/17	280,245,000	05/01/24	9,055,000	271,190,000	05/01, 11/01	13,910,875
Series 2017D New Money	\$93,230,000	08/22/17	45,385,000	05/01/24	10,505,000	34,880,000	05/01, 11/01	2,006,625
Series 2018A New Money	\$470,495,000	06/21/18	431,455,000	05/01/24	12,910,000	418,545,000	05/01, 11/01	20,762,500
Series 2018B New Money	\$85,145,000	06/21/18	51,180,000	05/01/24	9,240,000	41,940,000	05/01, 11/01	2,328,000
Series 2019 New Money	\$457,390,000	08/07/19	430,660,000	04/01/24	11,915,000	418,745,000	04/01, 10/01	20,835,125
Series 2021A New Money	\$12,610,000	06/30/21	12,610,000	12/01/24	1,555,000	11,055,000	06/01, 12/01	630,500
Series 2021B Revenue Refunding	\$148,765,000 [14]	06/30/21	138,805,000	12/01/24	5,370,000	133,435,000	06/01, 12/01	6,278,300
Series 2021C Revenue Refunding	\$44,325,000 [15]	06/30/21	15,205,000	08/01/24	15,205,000	-	02/01, 08/01	760,250
Series 2021C New Money	\$470,065,000	06/30/21	466,525,000	08/01/24	11,475,000	455,050,000	02/01, 08/01	22,425,650
Series 2021D New Money	\$41,395,000	06/30/21	41,395,000	08/01/24	4,935,000	36,460,000	02/01, 08/01	670,534
Series 2022A Revenue Refunding	\$206,200,000 [16]	08/11/22	206,200,000		-	206,200,000	02/01, 08/01	10,310,000
Series 2022B Revenue Refunding	\$34,315,000 [17]	08/11/22	17,525,000	08/01/24	17,525,000	-	02/01, 08/01	876,250
Series 2022B New Money	\$551,615,000	08/11/22	551,615,000		-	551,615,000	02/01, 08/01	27,292,525
Series 2022C Revenue Refunding	\$31,160,000 [18]	08/11/22	15,820,000	08/01/24	15,820,000	-	02/01, 08/01	549,745
Series 2022C New Money	\$39,275,000	08/11/22	39,275,000		-	39,275,000	02/01, 08/01	1,505,497
<b>Total Intermediate Lien Bonds</b>			<b>3,524,425,000</b>		<b>177,450,000</b>	<b>3,346,975,000</b>		<b>166,691,495</b>
<b><u>Subordinate Lien Bonds</u></b>								
Series 2008	\$200,715,000 [19]	06/11/08	136,395,000	2024	12,862,000 [2]	123,533,000	Various [2]	5,523,998 [2]
<b>Total Subordinate Lien Bonds</b>			<b>136,395,000</b>		<b>12,862,000</b>	<b>123,533,000</b>		<b>5,523,998</b>
<b>TOTAL REVENUE BONDS</b>			<b>3,848,202,653</b>		<b>207,817,000</b>	<b>3,645,127,694</b>		<b>178,349,257</b>

**SPECIAL FACILITY REVENUE BONDS**

Fuel Facilities Series 2013 ref	\$88,660,000	[20]	06/13/13	<u>52,400,000</u>	06/01/24	<u>4,675,000</u>	<u>47,725,000</u>	06/01, 12/01	<u>2,229,508</u>
<b>TOTAL SPECIAL FACILITY REVENUE BONDS</b>				<b><u>52,400,000</u></b>		<b><u>4,675,000</u></b>	<b><u>47,725,000</u></b>		<b><u>2,229,508</u></b>

**Notes:**

- [1] - Interest Payments shown in this schedule are gross amounts before use of any Capitalized Interest.
  - [2] - Estimated annual total. Interest paid monthly. Principal paid annually or at maturity. Annual principal payments are voluntary.
  - [3] - Series 2013B G.O. bonds partially refunded the Series 2004B G.O. bonds, the Series 2004C G.O. bonds and the Series 2011 G.O bonds on 3/26/2013.  
The Series 2004C G.O. Ref. bonds refunded a portion of the Port's 1994B Revenue bonds and a portion of the 1994 G.O. bonds. The Series 2011 G.O. bonds refunded the outstanding 2000B G.O. Bonds.
  - [4] - Series 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds. The Series 2006 G.O bonds refunded a portion of the Port's 1999A Special Facility bonds and a portion of the 2000A G.O. bonds.
  - [5] - Series 2022A G.O. refunded a portion of the Port's B-1 Commercial Paper.
  - [6] - Series 2022B G.O. Revenue and Refunding bonds fully refunded the outstanding 2011 G.O refunding bonds. The 2011 G.O. bonds refunded the 2000B G.O bonds.
  - [7] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The outstanding principal balance at 12/31/2024 includes \$45,659,367.61 of accumulated accreted interest.
  - [8] - Series 2016 ABC First Lien bonds refunded a portion of the outstanding Series 2007A First Lien bonds and all of the Series 2007B First Lien bonds.
  - [9] - Series 2021 First Lien bonds refunded a portion of the Series 2011B First Lien bonds. The Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien bonds.
  - [10] - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
  - [11] - Series 2015B Intermediate Lien bonds refunded the outstanding Series 2005A Intermediate Lien bonds. The Series 2005A Intermediate Lien bonds refunded a portion of the Port's 1996A First Lien bonds and a portion of the Port's 1997A First Lien bonds.
  - [12] - Series 2016 Int Lien Refunding bonds refunded the outstanding Series 2006A bonds. The Series 2006A Intermediate Lien bonds refunded the outstanding 2000A First Lien series bonds.
  - [13] - Series 2017A Int. Lien Revenue Refunding bonds fully refunded the Series 2009A First Lien Revenue Bonds. The 2017B bonds refunded a portion of the 2009B-1 First Lien Revenue bonds.
  - [14] - Series 2021B Ref. Intermediate Lien bonds fully refunded the outstanding 2010B Ref. Intermediate Lien bonds. The Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
  - [15] - Series 2021C Ref. Intermediate Lien bonds fully refunded the outstanding Series 2010C Intermediate Lien bonds. The Series 2010C Intermediate Lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
  - [16] - Series 2022A Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
  - [17] - Series 2022B Ref. Intermediate Lien bonds fully refunded the 2012B Intermediate Lien bonds. The 2012B Intermediate Line bonds refunded the 2001B First Lien bonds and 2001C First Lien bonds.
  - [18] - Series 2022C Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
  - [19] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
  - [20] - Series 2013 Special Facility Fuel Hydrant bonds fully refunded the 2003 Special Facility Fuel Hydrant bonds. Debt service for Fuel Facilities is paid directly from Fuel Hydrant Facility income, not out of operating cash flows.
- The Port has authority to issue up to \$400 million in Commercial Paper, as of 10/31/2023 the Port had no CP outstanding.

**TABLE D-2: BOND AMORTIZATION SCHEDULE FOR 2023**

Bond Type Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2023	2023 Principal Payments		Outstanding Dec. 31, 2023	Interest Payments [1]	
				Due Date	Amount		Due Date	Amount
<b>GENERAL OBLIGATION BONDS</b>								
Limited Tax G.O., Series 2013B Taxable	\$75,165,000 [3]	03/26/13	1,225,000		-	1,225,000	05/01, 11/01	33,933
Limited Tax G.O., Series 2015	\$156,990,000 [4]	04/28/15	117,830,000	06/01/23	6,800,000	111,030,000	06/01, 12/01	5,008,150
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	112,830,000	01/01/23	3,365,000	109,465,000	01/01, 07/01	5,557,375
Limited Tax G.O., Series 2022A	\$15,115,000 [5]	01/26/22	13,745,000	12/01/23	1,690,000	12,055,000	06/01, 12/01	687,250
Limited Tax G.O., Series 2022B	\$94,345,000 [6]	01/26/22	91,260,000	12/01/23	9,675,000	81,585,000	06/01, 12/01	1,863,363
<b>TOTAL GENERAL OBLIGATION BONDS</b>			<b>336,890,000</b>		<b>21,530,000</b>	<b>315,360,000</b>		<b>13,150,071</b>
<b>REVENUE BONDS</b>								
<b>First Lien Bonds</b>								
Series 2009B-2	\$22,000,326 [7]	07/16/09	58,507,966		-	62,917,653 [7]		-
Series 2016B - Ref. 2007B	\$124,380,000 [8]	08/02/16	100,960,000	10/01/23	8,030,000	92,930,000	04/01, 10/01	5,048,000
Series 2016C - Ref. Taxable	\$6,180,000 [8]	08/02/16	4,670,000	10/01/23	415,000	4,255,000	04/01, 10/01	132,187
Series 2021 Refunding	\$43,015,000 [9]	06/30/21	35,520,000	09/01/23	8,240,000	27,280,000	03/01, 09/01	1,776,000
<b>Total First Lien Bonds</b>			<b>199,657,966</b>		<b>16,685,000</b>	<b>187,382,653</b>		<b>6,956,187</b>
<b>Intermediate Lien Bonds</b>								
Series 2013 Revenue Refunding	\$139,105,000 [10]	12/17/13	113,805,000	07/01/23	14,020,000	99,785,000	01/01, 07/01	5,665,250
Series 2015A New Money	\$72,010,000	08/06/15	62,260,000	04/01/23	2,205,000	60,055,000	04/01, 10/01	3,035,850
Series 2015B Refunding	\$284,440,000 [11]	08/06/15	146,350,000	03/01/23	8,195,000	138,155,000	03/01, 09/01	7,112,625
Series 2015C New Money	\$226,275,000	08/06/15	190,970,000	04/01/23	8,000,000	182,970,000	04/01, 10/01	9,348,500
Series 2016 Refunding	\$99,095,000 [12]	08/02/16	99,095,000		-	99,095,000	02/01, 08/01	4,915,900
Series 2017A Revenue Refunding	\$16,705,000 [13]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [13]	08/22/17	200,920,000	05/01/23	17,160,000	183,760,000	05/01, 11/01	6,754,572
Series 2017C New Money	\$313,305,000	08/22/17	288,855,000	05/01/23	8,610,000	280,245,000	05/01, 11/01	14,352,500
Series 2017D New Money	\$93,230,000	08/22/17	55,385,000	05/01/23	10,000,000	45,385,000	05/01, 11/01	2,519,250
Series 2018A New Money	\$470,495,000	06/21/18	443,735,000	05/01/23	12,280,000	431,455,000	05/01, 11/01	21,392,250
Series 2018B New Money	\$85,145,000	06/21/18	59,975,000	05/01/23	8,795,000	51,180,000	05/01, 11/01	2,778,875
Series 2019 New Money	\$457,390,000	08/07/19	441,995,000	04/01/23	11,335,000	430,660,000	04/01, 10/01	21,416,375
Series 2021A Revenue Refunding	\$34,415,000 [14]	06/30/21	12,130,000	12/01/23	12,130,000	-	06/01, 12/01	606,500
Series 2021A New Money	\$12,610,000	06/30/21	12,610,000		-	12,610,000	06/01, 12/01	630,500
Series 2021B Revenue Refunding	\$148,765,000 [15]	06/30/21	143,910,000	12/01/23	5,105,000	138,805,000	06/01, 12/01	6,540,175
Series 2021C Revenue Refunding	\$44,325,000 [16]	06/30/21	30,120,000	08/01/23	14,915,000	15,205,000	02/01, 08/01	1,506,000
Series 2021C New Money	\$470,065,000	06/30/21	468,990,000	08/01/23	2,465,000	466,525,000	02/01, 08/01	22,548,900
Series 2021D New Money	\$41,395,000	06/30/21	41,395,000		-	41,395,000	02/01, 08/01	670,534
Series 2022A Revenue Refunding	\$206,200,000 [17]	08/11/22	206,200,000		-	206,200,000	02/01, 08/01	10,023,611
Series 2022B Revenue Refunding	\$34,315,000 [18]	08/11/22	34,315,000	08/01/23	16,790,000	17,525,000	02/01, 08/01	26,534,399
Series 2022B New Money	\$551,615,000	08/11/22	551,615,000		-	551,615,000	02/01, 08/01	1,668,090
Series 2022C Revenue Refunding	\$31,160,000 [19]	08/11/22	31,160,000	08/01/23	15,340,000	15,820,000	02/01, 08/01	1,463,678
Series 2022C New Money	\$39,275,000	08/11/22	39,275,000		-	39,275,000	02/01, 08/01	1,030,361
<b>Total Intermediate Lien Bonds</b>			<b>3,691,770,000</b>		<b>167,345,000</b>	<b>3,524,425,000</b>		<b>173,349,945</b>
<b>Subordinate Lien Bonds</b>								
Series 2008	\$200,715,000 [20]	06/11/08	148,475,000	2023	12,080,000 [2]	136,395,000	Various [2]	5,044,577 [2]
<b>Total Subordinate Lien Bonds</b>			<b>148,475,000</b>		<b>12,080,000</b>	<b>136,395,000</b>		<b>5,044,577</b>
<b>TOTAL REVENUE BONDS</b>			<b>4,039,902,966</b>		<b>196,110,000</b>	<b>3,848,202,653</b>		<b>185,350,709</b>

**SPECIAL FACILITY REVENUE BONDS**

Fuel Facilities Series 2013 ref	\$88,660,000	[21]	06/13/13	<u>56,855,000</u>	06/01/23	<u>4,455,000</u>	<u>52,400,000</u>	06/01, 12/01	<u>2,457,758</u>
<b>TOTAL SPECIAL FACILITY REVENUE BONDS</b>				<b><u>56,855,000</u></b>		<b><u>4,455,000</u></b>	<b><u>52,400,000</u></b>		<b><u>2,457,758</u></b>

**Notes:**

- [1] - Interest Payments shown in this schedule are gross amounts before use of any Capitalized Interest.
- [2] - Estimated annual total. Interest paid monthly. Principal paid annually or at maturity. Annual principal payments are voluntary.
- [3] - Series 2013B G.O. bonds partially refunded the Series 2004B G.O. bonds, the Series 2004C G.O. bonds and the Series 2011 G.O bonds on 3/26/2013.  
The Series 2004C G.O. Ref. bonds refunded a portion of the Port's 1994B Revenue bonds and a portion of the 1994 G.O. bonds. The Series 2011 G.O. bonds refunded the outstanding 2000B G.O. Bonds.
- [4] - Series 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds. The Series 2006 G.O bonds refunded a portion of the Port's 1999A Special Facility bonds and a portion of the 2000A G.O. bonds.
- [5] - Series 2022A G.O. refunded a portion of the Port's B-1 Commerical Paper.
- [6] - Series 2022B G.O. Revenue and Refunding bonds fully refunded the outstanding 2011 G.O refunding bonds. The 2011 G.O. bonds refunded the 2000B G.O bonds.
- [7] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The outstanding principal balance at 12/31/2023 includes \$40,917,327.03 of accumulated accreted interest.
- [8] - Series 2016 ABC First Lien bonds refunded a portion of the outstanding Series 2007A First Lien bonds and all of the Series 2007B First Lien bonds.
- [9] - Series 2021 First Lien bonds refunded a portion of the Series 2011B First Lien bonds. The Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien bonds.
- [10] - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
- [11] - Series 2015B Intermediate Lien bonds refunded the outstanding Series 2005A Intermediate Lien bonds. The Series 2005A Intermediate Lien bonds refunded a portion of the Port's 1996A First Lien bonds and a portion of the Port's 1997A First Lien bonds.
- [12] - Series 2016 Int Lien Refunding bonds refunded the outstanding Series 2006A bonds. The Series 2006A Intermediate Lien bonds refunded the outstanding 2000A First Lien series bonds.
- [13] - Series 2017A Int. Lien Revenue Refunding bonds fully refunded the Series 2009A First Lien Revenue Bonds. The 2017B bonds refunded a portion of the 2009B-1 First Lien Revenue bonds.
- [14] - Series 2021A Revenue Refunding Intermediate Lien bonds fully refunded the outstanding 2010A PFC Ref. bonds. The Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds.
- [15] - Series 2021B Ref. Intermediate Lien bonds fully refunded the outstanding 2010B Ref. Intermediate Lien bonds. The Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
- [16] - Series 2021C Ref. Intermediate Lien bonds fully refunded the outstanding Series 2010C Intermediate Lien bonds. The Series 2010C Intermediate Lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
- [17] - Series 2022A Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
- [18] - Series 2022B Ref. Intermediate Lien bonds fully refunded the 2012B Intermediate Lien bonds. The 2012B Intermediate Line bonds refunded the 2001B First Lien bonds and 2001C First Lien bonds.
- [19] - Series 2022C Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
- [20] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
- [21] - Series 2013 Special Facility Fuel Hydrant bonds fully refunded the 2003 Special Facility Fuel Hydrant bonds. Debt service for Fuel Facilities is paid directly from Fuel Hydrant Facility income, not out of operating cash flows.

The Port has authority to issue up to \$400 million in Commercial Paper, as of 10/31/2023 the Port had no CP outstanding.

**TABLE D-3: 30 YEAR BOND AMORTIZATION SCHEDULE**



**Port of Seattle**  
**Statement of 30 Years - Calendar Year Mode**  
**Outstanding and Closed Debt Service**  
**As of 1/1/2024**  
**Primary Sort Issue Group**  
**(in thousands)**

	2024	2025	2026	2027	2028	2029 2033	2034 2038	2039 2043	2044 2048	2049 2053	Total
<b>GO Bonds</b>											
INTEREST	12,452	11,693	10,862	10,100	9,301	36,673	21,760	4,703	0	0	117,546
PRINCIPAL	22,230	23,010	17,215	17,975	18,595	74,430	82,275	59,630	0	0	315,360
<b>Rev Int Lien</b>											
INTEREST	166,691	158,412	150,173	141,320	132,202	529,090	327,593	152,295	27,698	0	1,785,474
PRINCIPAL	177,450	169,380	177,900	191,610	186,685	889,870	762,020	703,230	266,280	0	3,524,425
<b>Rev Sr. Lien</b>											
INTEREST	6,134	15,167	14,582	10,591	10,881	32,430	0	0	0	0	89,785
PRINCIPAL	17,505	22,968	23,560	12,932	13,447	56,053	0	0	0	0	146,465
<b>Rev Sub Lien</b>											
INTEREST	5,662	5,659	5,660	5,660	5,662	25,866	0	0	0	0	54,169
PRINCIPAL	0	0	0	0	0	136,395	0	0	0	0	136,395
<b>Special Facility Rev Bonds-FH</b>											
INTEREST	2,230	2,029	1,854	1,665	1,463	3,140	0	0	0	0	12,381
PRINCIPAL	4,675	4,865	5,045	5,220	5,420	27,175	0	0	0	0	52,400
<b>Interest Total</b>	193,169	192,961	183,132	169,337	159,509	627,198	349,353	156,998	27,698	0	2,059,355
<b>Principal Total</b>	221,860	220,223	223,720	227,737	224,147	1,183,923	844,295	762,860	266,280	0	4,175,045
<b>Grand Total</b>	415,029	413,183	406,852	397,075	383,657	1,811,121	1,193,648	919,858	293,978	0	6,234,400

- 1) Assumes an interest rate of 4.15% per annum for all outstanding Subordinate Lien variable rate bonds
- 2) Excludes the Port's Subordinate Lien Commercial Paper program, which is authorized in the amount of \$400M, and as of October 31, 2023 there was no CP outstanding

The Port maintains credit ratings with three rating agencies: Moody’s Investor Services, S&P Global Ratings and Fitch Ratings. Ratings are maintained on The Port’s general obligation credit and on three liens of revenue bond credit.

**TABLE D-4: Bond Ratings Summary**

	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
General Obligation Bonds	Aaa	AA	AA-
First Lien Revenue Bonds	Aa2	AA	AA
Intermediate Lien Revenue Bonds	A1	AA-	AA-
Subordinate Lien Revenue Bonds	A2	A+	AA-
Fuel Hydrant Special Facility Bonds	A1	A+	

**APPENDIX E: OTHER DETAILED EXPENDITURES**

**a. Promotional Hosting**

Promotional hosting consists of expenses incurred by officials and employees of the Port in connection with hosting others for the purpose of promoting the increased use of Port facilities and services.

**TABLE E-1: PROMOTIONAL HOSTING BY DIVISION**

<b>DIVISION</b>	<b>2022 Actuals</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
Aviation	\$ 108,806	\$ 138,325	\$ 138,225
Maritime	26,925	99,150	103,150
Economic Development	54,290	80,650	103,340
Central Services	50,838	147,380	169,475
<b>Total</b>	<b>\$ 240,859</b>	<b>\$ 465,505</b>	<b>\$ 514,189</b>

Promo.xls

**b. Memberships**

The 2024 Budget for the Port of Seattle is \$1,368,513. The Executive Director may approve additional memberships and increases in dues which could not be foreseen during 2024 budget preparation, provided that the increases do not exceed 10% of the total membership budget.

Memberships are for: (1) associations for the purpose of participating on a cooperative basis with other port districts, airports and with operators of terminal and transportation facilities; (2) associations providing specialized information and services; (3) associations to better qualify certain employees in the performance of specified duties which are assigned to such employees; and (4) associations which are considered to be of particular and special value in connection with the carrying out of the Port's promotion and advertising activities. Membership is an effective way to leverage scarce resources to accomplish objectives that might otherwise be omitted.

**TABLE E-2: MEMBERSHIPS**

<b>Memberships</b>	<b>2024 Budget</b>
1. Airports Council International	\$ 211,467
2. Washington Public Ports Association-AV	146,573
3. Washington Public Ports Association - Maritime	146,573
4. Puget Sound Regional Council & Economic Development	85,200
5. American Association of Airport Executives & Airport legislative Alliance	77,500
6. American Association of Port Authorities	47,100
7. Greater Seattle Metropolitan Chamber	44,100
8. American Association of Airport Executives	35,875
9. Aviation Information Sharing and Analysis Center	30,388
10. Cruise Line International Association	25,000
11. Airport Minority Advisory Council	22,725
12. Washington Health Alliance	15,500
13. International Facilities Management Association	12,662
14. Green Marine	12,500
15. Washington Economic Development Association	12,400
16. Global Biorisk Advisory Council (GBAC) Accreditation	10,000
17. Washington Council on International Trade	10,000
18. Gartner IT Leadership Team Essentials	10,000
19. International Air Transport Association	10,000
20. Other	402,950
<b>TOTAL</b>	<b>\$ 1,368,513</b>

Memberships.xls

**APPENDIX F: CHANGES BETWEEN PRELIMINARY BUDGET TO  
FINAL BUDGET**

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Will be updated in the Final version.**

**APPENDIX G: CENTURY AGENDA KPIs**

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## **APPENDIX H: GLOSSARY OF TERMS USED**

**Account:** A record of an activity as revenue or expense, such as fees for services, rents, or as salaries, equipment, supplies, travel, etc.

**Accrual:** Represents an outstanding obligation for goods and services received or performed but for which payment has not been made.

**Accrual Basis of Accounting:** It is the basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed, or the recording of revenue or expense in the absence of a cash transaction.

**Actions:** The specific tactics, actions and projects an organization will undertake in an effort to meet the objectives. These statements should reflect how objectives will be achieved.

**Actual:** Earned revenue or incurred expense during the stated fiscal year.

**Ad Valorem Tax Levy:** Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses.

**Allocated Expense:** These are costs allocated to business groups from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port and all its Business Groups. Costs can come from within the division (intra-division) or from outside the division (inter-division).

**Amortization:** The gradual reduction in the book value of Fixed or Intangible Assets having a limited life by allocating the original cost over the life of the asset. (See Depreciation).

**Annual Financial Report:** This document is produced by the Port of Seattle annually detailing financial, statistical, budgetary, and demographic data and it is distributed to the public.

**Appropriation:** Authorization granted by a legislative body to make expenditures and to incur obligations for a specific use and contains specific limitations as to the amount, purpose, and time when it may be expended.

**Assessed Valuation:** Is an official government valuation set upon real estate and personal property by the King County Assessor, as a basis for levying property taxes.

**Audit:** A formal examination of an organization accounts or financial situation.

**Balanced Budget:** The Port prepares an annual budget and supports, encourages, and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.

**Bonds:** Is an interest-bearing written instrument promising to pay a specified sum of money (the face value or principal amount) on a specified date (the maturity date) at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond resolution or ordinance.

**Budget:** A financial plan, forecast or projection of the Port's revenues and expenses expected during the stated budget year.

**Budget Calendar:** A schedule of key dates that the Port follows in the preparation, review, and adoption of its annual budget.

**Budget Document:** The Port's official written approved budget in document format, prepared by the Port's Finance and Budget teams.

**Budget Message:** A general discussion of the proposed budget presented in written format by the Executive Director of the Port to the Port Commission and Public.

**Business & Occupation (B&O) Tax:** It is a gross receipt tax levied on businesses. Washington State does not have a corporate or personal income tax. Washington's B&O Tax is calculated on the gross income from activities.

**Capital Capacity:** An estimated calculation of the maximum amount available to spend on capital projects, given assumptions about future revenues and expenses and the ability to cover future interest payments per bond covenants and Port policies. See further discussion in the Draft Plan of Finance, section X.

**Capital Expenditures:** In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port's fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of 3 years or more, of which the Port has ownership.

**Capital Improvement Plan (CIP) and Draft Plan of Finance:** A detailed five-year plan of proposed capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the means of financing them through bond proceeds, grants, and operating revenues. This document serves as an operational and planning tool. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.

**Capitalized Labor or Charges to Capital Projects:** Includes the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating expense and then input into the capital budget as part of the cost of the project(s).

**CARES Act:** The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act.

**Cash Disbursements:** Is the disbursement or payment of cash for cost incurred in the operation of the Port's business.

**Cash Flow:** Illustrates the flow of funds over a period of time incorporating both the operating budget and the capital budget and determines the financial needs.

**Cash Receipts:** The collection of cash from services and from Port facilities and equipment leased or operated.

**Chart of Accounts:** It is a long list (“index”) of account numbers and their descriptions.

**Chartfield:** A field that contains information that defines a transaction in terms of account number, department code, subclass, fund, or program.

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Continuous Process Improvement Program (CPI):** CPI is the port’s official program to establish a continuous and enduring culture of improvement by utilizing a disciplined and time-tested improvement methodology called “LEAN.” A culture of CPI will expand and improve the Port’s capabilities, making the Port a stronger, more competitive organization. The CPI program focuses on four key elements:

- Organizational strategies, objectives, and metrics.
- Employee empowerment and engagement.
- Efficiency.
- Innovation.

**Cost Per Enplanement (CPE):** Airline cost per enplanement reflects the overall cost to the airlines for each passenger enplaned. The CPE measures the total costs borne by the passenger airlines operating at the airport divided by the number of enplaned passengers (roughly half of the total passengers). CPE is a key indicator used by the airlines to measure the relative costs of airports.

**Cost Recovery:** is a method of rate setting and revenue recognition based on recovering costs associated with a specific business operation. Costs included in the recovery methodology include operating expenses, debt service costs, and amortization for assets associated with a specific business operation.

**Customer Facility Charges (CFCs):** As determined by applicable State legislation, customer facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds.

**Department/Org:** An organizational unit within the Port which is part of a division.

**Depreciation:** This is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn, or depreciated (See Amortization).

**Direct Charge:** The ability to direct charged for services instead of allocating them, which is charging against another division’s/department’s subclass to represent where resources were used and dollars spent for the work that was actually performed.

**Draft Plan of Finance:** The five-year Capital Budget is the basis of the Plan of Finance. A funding plan for the Capital Budget that identifies the types and amounts of funding sources that are expected to be available in the five-year planning period, developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance section.

**Enterprise Fund:** There are dozens of funds that are summarized into the Enterprise Fund. The Enterprise Fund accounts for all activities and operations of the Port. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in

part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

**Environmental Remediation Liability:** The Port's policy requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; named as party responsible for sharing costs; named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's pollution remediation obligation. Costs incurred for pollution remediation obligation are recorded as environmental expenses unless the expenditures meet specific criteria that allow them to be capitalized. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

**Equity:** The excess of assets over liabilities.

**Estimates:** Prediction of revenues and expenditures.

**Fiscal Year:** The Port's annual accounting period for recording financial transactions begins January 1 and ends December 31, which is the same as the calendar year. It is also called the budget year.

**Forecast:** An estimate, projection or prediction of revenues and expenses.

**Full-Time Equivalent:** Full-Time Equivalent (FTE) employee, where "full-time" equals 100% of a full-time schedule. A full-time employee is represented as a "1.0 FTE" where 1.0 = 100% of a full-time schedule. FTEs represented by less than 1.0, such as 0.8, represent less than a full-time schedule. For example, "0.8 FTE" represents 80% of a full-time schedule.

**Fund:** Enterprise Fund. The establishment of a sub-fund is to account for money set aside for some specific purpose.

**Fund Balance:** The Net Position of the Enterprise Fund.

**Generally Accepted Accounting Principles (GAAP):** Standards and guidelines by which Accounting and Financial Reporting are governed.

**General Obligation (GO) Bonds and Interest:** The Port can borrow money which is intended to be paid back through its taxing authority. The tax levy (See Section VIII) funds the repayment of the principal and interest of these bonds. Port financial policies dictate that G.O. bonds be used for projects that have a long lag between project costs and revenues or are insufficient to support revenue bond financing, the project generates significant economic benefits for taxpayers, and the project is critical to the Port's core business.

**Goals:** Written statements that declare what the port/division/department plan to achieve to fulfill its mission.

**Governmental Accounting Standards Board (GASB):** It is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government Finance Officers Association (of USA and Canada) (GFOA):** The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training, and leadership.

**Investment in Joint Venture:** The Port adopted Joint Venture Accounting beginning January 1, 2016, to account for its 50% share in the Northwest Seaport Alliance (NWSA).

**Inter-Division Allocation (Charges):** Allocation or Charges from one division to another.

**Intra-Division Allocation (Charges):** Allocation or Charges from within the division.

**Landing Fee:** The landing fee rate and resulting landing fee revenues are based on the contractual agreement between the Port's Aviation Division and the airlines. This contractual agreement permits the airlines to land and operate at Sea-Tac Airport. See the discussion of landing fees in Appendix E.

**LEAN:** Is a management philosophy, a process improvement approach, and a set of methods that seek to identify, eliminate, and reduce non-value added activities or waste within a process. Lean is time tested and is used by several companies, industries, and agencies around the world. Key principles of LEAN are:

- Guiding team members through the steps in process improvement with a trained facilitator.
- Measuring the current state of a process.
- Analyzing problem areas within a process.
- Brainstorming improvement ideas, implementing improvements, and putting in place controls to sustain improvements.

**Major Funds:** There are dozens of funds that are summarized into the Enterprise Fund, which is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions – Aviation, Maritime and Economic Development, and Central Services.

**Majority in Interest (MI):** Under the terms of the current agreement between the airlines and the airport, the airlines are entitled to vote their approval for particular capital projects that affect the airline rate base.

**Millage:** A tax rate on property, expressed in mills per dollar of value of the property.

**Mission:** A brief statement that describes the purpose of an organization's existence. It defines the core purpose of the organization: What your organization does and for whom.

**Net Assets:** As required by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, net assets (equity) have been classified on the statement of net assets into the following categories:

- Invested in capital assets – net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- Restricted: Net Assets subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net assets that do not meet the definition of “invested in capital assets – net of related debt” or “restricted”.

When both restricted and unrestricted resources are available for the same purpose, restricted assets are considered to be used first over unrestricted assets.

**Net Operating Income before Depreciation (NOI):** Income from operations after all direct and allocated expenses, but before depreciation, non-operating revenues and expenses has been included.

**Non-Aeronautical Revenues:** Include concession, parking and other fees not charged directly to the airlines. These revenues help offset the residual landing fee requirement.

**Non-Airport Revenues:** All revenues at the Port not related to the Airport, includes all Maritime, EDD, Stormwater Utilities, Central Services, and NWSA distributable revenues.

**Non-Operating Expenses:** Cost or charges that do not arise from the normal operation of the Port’s business. An example is interest expense.

**Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port’s business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges, and other revenues generated from non-operating sources.

**Northwest Seaport Alliance (NWSA):** A Joint Venture between the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance, which unifies the two ports’ marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. It is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is a separate governmental entity established as a Port Development Authority, similar to Public Development Authorities formed by cities and counties. It is governed equally by the Managing Members who are acting through its home port’s elected commissioners. The citizens of Pierce and King Counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle every four years, on a staggered basis. Each home port will remain a separate legal entity, independently governed by its own elected commissioners.

**Objectives:** Are statements of specific outcomes that are related to achieving the desired goals/strategies.

**Operating Income before Allocations & Depreciation:** Direct operating revenues minus direct operating expenses. This does not include any allocated expenses.

**Operating & Maintenance Expenses:** Cost or charges that arise from the normal operation of Port’s business. These are cost or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct and allocated charges, from Central Services and from other Divisions.

**Operating Revenues:** Fees for services, rents, and charges for the use of Port facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment Rentals, Property Rentals, and other revenues generated from port’s operations are reported as operating revenue.

**ORG:** Is an abbreviated term for “Organization” and is the number that identifies departments. It shows where cost originates.

**Other Post-Employment Benefits (OPEB):** According to the Governmental Accounting Standard Board (GASB) statement 45, government agencies are required to record post-employment benefit costs other than pensions as a liability based on actuarial costs.

**Passenger Facility Charges (PFCs):** As determined by applicable federal legislation, passenger facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines are recorded as non-operating income in the statements of revenues, expenses, and changes in net assets upon passenger enplanement.

**Passenger Facility Charges (PFCs) Bonds:** Bonds backed by Passenger Facility Charges.

**Passenger Traffic:** Enplanements, deplanements and connecting passenger activity.

**Performance Indicators or Measures:** Metrics used by Port management to determine whether a program is achieving or accomplishing its mission efficiently and effectively.

**Performance or Operating Budget:** A financial plan that incorporates an estimate of proposed revenues and expenses for a given period. A department's budget includes only those revenues and expenditures for which it has control.

**Performance or Variance Report:** A report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts for a given period. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.

**Port Commission:** It is the governing body of the Port of Seattle, which is comprised of five commissioners elected by the voters of King County to serve four-year terms and to establish Port policy.

**Program:** Represents costs that are tracked and tend to enhance account information.

**Repairs and Maintenance:** Expenditures for routine maintenance and repairs to structure and minor improvements to property, which do not increase the value of the capital assets.

**Resolution:** A formal expression of opinion or determination adopted by the Port Commission.

**Revenue Bonds:** A type of borrowing that is repaid through the dedication of revenues intended to be generated by the investment being funded by the bonds.

**Revenue over Expense:** The excess or deficit of revenues (operating and non-operating) over expenses (operating and non-operating). The excess of revenues over expenses increases equity, whereas the deficit, expenses over revenues, decrease equity.

**Seasonally Adjusted:** Monthly figures are seasonally adjusted to account for typical seasonal variations which allows for month-to-month comparison.

**Seasonally Adjusted Annualized Rate:** A calculated rate to reflect the full year and adjusted to account for the seasonal variations.

**Statutory Budget:** A plan that depicts the cash flows of the Port. It shows the beginning balance, cash receipts and cash disbursements and the balance at the end of the year. This budget must be filed with the King County Council and the King County Assessor as required by law by a specific date. See Section XI.

**Strategies:** The broad, overall priorities adopted by the organization in recognition of its operating environment and in pursuit of its mission and vision. Strategies set the stage for decisions on budget, resources, and timeframes.

**Subclass:** Shows where resources were used and spending occurred. It shows who benefited from the work.

**Tax Levy:** The amount of money to be raised by the imposition of property taxes. See Section VIII.

**Transfers:** The movement of money from one fund to another.

**Transportation Worker Identification Credential (TWIC):** The Transportation Worker Identification Credential, also known as TWIC®, is required by the Maritime Transportation Security Act for workers who need access to secure areas of the nation’s maritime facilities and vessels. It is a tamper-resistant biometric identification card system established through the U.S. Congress Maritime Transportation Security Act (MTSA) and administered by the Transportation Security Administration (TSA) and U.S. Coast Guard. TSA conducts a security threat assessment (background check) to determine a person’s eligibility and issues the credential. U.S. citizens and immigrants in certain immigration categories may apply for the credential. Most mariners licensed by the U.S. Coast Guard also require a credential.

**Twenty-foot Equivalent Unit (TEU):** The international standard of measurement for the container volume that moves through the Port. One forty-foot container is equivalent to two TEUs.

**Vacancy Factor:** A percentage applied to total payroll to account for potential turnover and delays in hiring to depict a more accurate estimated payroll budget.

**Values:** Principles, standards, characteristics, or qualities held in high positive regard by an individual or group. They are often used to guide day-to-day actions.

**Variiances:** The difference between “actual” and “budget” amounts for revenues and for expenses, which could be either favorable or unfavorable.

Favorable Variance: This is a positive variance, and it exists when, in a given period:

- Revenues: Actual revenues are higher than budgeted revenues.
- Expenses: Actual expenses are lower than budgeted expenses.

Unfavorable Variance: This is a negative variance, and it exists when, in a given period:

- Revenues: Actual revenues are lower than budgeted revenues.
- Expenses: Actual expenses are higher than budgeted expenses.

**Vision:** A word picture or brief statement of what the organization intends to become or how it sees itself at some point in the future.

## **APPENDIX I: ACRONYMS AND ABBREVIATIONS**

<b>AAPA</b>	American Association of Port Authorities
<b>AAAE</b>	American Association of Airport Executives
<b>AAG</b>	Alaska Airlines Group
<b>ACI</b>	Airports Council International
<b>ACI-NA</b>	Airports Council International-North America
<b>AEC</b>	Airport Employment Center
<b>AICPA</b>	American Institute of Certified Public Accountants
<b>AIR 21</b>	Aviation Investment & Reform Act for the 21st Century
<b>AOA</b>	Air Operations Area
<b>APM</b>	Automated People Mover
<b>ARFF</b>	Aviation Regional Fire Fighting
<b>ARPA</b>	American Rescue Plan Act
<b>ATC</b>	Air Traffic Control
<b>B&amp;OT</b>	Business and Occupation Tax
<b>BHICC</b>	Bell Harbor International Conference Center
<b>BHM</b>	Bell Harbor Marina
<b>BHS</b>	Baggage Handling System
<b>BLS</b>	Bureau of Labor Statistics
<b>BMPs</b>	Best Management Practices
<b>CBP</b>	Customs and Border Protection
<b>CDD</b>	Capital Development Division
<b>CERT</b>	Community Emergency Response Team
<b>CFCs</b>	Customer Facility Charges
<b>CFO</b>	Chief Financial Officer
<b>CIP</b>	Capital Improvement Program
<b>CJIS</b>	Criminal Justice Information Services
<b>CMMS</b>	Computerized Maintenance Management System
<b>COO</b>	Chief Operating Officer
<b>CPE</b>	Cost Per Enplanement
<b>CPI</b>	Consumer Price Index / Continuous Process Improvement
<b>CPO</b>	Central Procurement Office, a Port department
<b>CTE</b>	Central Terminal Expansion
<b>CY</b>	Calendar Year / Container Yard
<b>DBE</b>	Disadvantaged Business Enterprises
<b>DHS</b>	Department of Homeland Security
<b>DNR</b>	Department of Natural Resources
<b>DOT</b>	Department of Transportation
<b>ED</b>	Executive Director
<b>EDD</b>	Economic Development Division
<b>EDI</b>	Equity, Diversity, and Inclusion, a Port Department
<b>EIS</b>	Environmental Impact Statement
<b>EPA</b>	Environmental Protection Agency
<b>ESA</b>	Endangered Species Act
<b>ESGR</b>	Employer Support of the Guard Reserve
<b>FAA</b>	Federal Aviation Administration
<b>FAR</b>	Federal Aviation Regulations
<b>FASB</b>	Financial Accounting Standard Board
<b>FAST</b>	Freight Action Strategy Corridor

<b>F&amp;B</b>	Finance and Budget, a Port Department
<b>FEMA</b>	Federal Emergency Management Agency
<b>FIMS</b>	Flight Information Management System
<b>FIS</b>	Federal Inspection Services (US Customs)
<b>FMC</b>	Federal Maritime Commission
<b>FOD</b>	Foreign Object Damage/Debris
<b>FTE</b>	Full-time Equivalent (Employee)
<b>FY</b>	Fiscal Year
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GASB</b>	Governmental Accounting Standards Board
<b>GBAC</b>	Global Biorisk Advisory Council Accreditation
<b>GFOA</b>	Government Finance Officers Association (of USA and Canada)
<b>GIS</b>	Geographical Information System
<b>GO</b>	General Obligation (Bond)
<b>GT</b>	Ground Transportation
<b>HCM</b>	Human Capital Management
<b>HDF</b>	Harbor Development Fund
<b>HDS</b>	Harbor Development Strategy
<b>HIPAA</b>	Health Insurance Portability and Accountability Act
<b>HMT</b>	Harbor Maintenance Tax
<b>HR</b>	Human Resources, a Port department
<b>HVAC</b>	Heating, Ventilation and Air Conditioning
<b>IAF</b>	International Arrivals Facility
<b>IATA</b>	International Air Transport Association
<b>ICT</b>	Information and Communications Technology, a Port Department
<b>IDC</b>	Industrial Development Corporation
<b>IDIQ</b>	Indefinite Delivery Indefinite Quantity
<b>ILA</b>	Interlocal Agreement
<b>IMC</b>	Intermodal Center
<b>JV</b>	Joint Venture
<b>KPIs</b>	Key Performance Indicators
<b>LEAN</b>	Lean Education Academic Network
<b>LEOFF</b>	Law Enforcement Officers' and Fire Fighters' Retirement System
<b>LOI</b>	Letter of Intent
<b>LOC</b>	Letter of Credit
<b>LR</b>	Labor Relations, a Port Department
<b>LRP</b>	Long Range Plan
<b>LTGO</b>	Limited Tax General Obligation
<b>MAP</b>	Million Annual Passengers
<b>WMBE</b>	Women & Minority Owned Business Enterprise
<b>MD</b>	Managing Director
<b>MIC</b>	Maritime Industrial Center
<b>MIS</b>	Management Information System
<b>MOBI</b>	Marina Operation Boating Inventory System
<b>MOU</b>	Memorandum of Understanding
<b>NAMF</b>	North Area Maintenance Facility
<b>NAC</b>	Neighborhood Advisory Committee
<b>NEPA</b>	National Environmental Policy Act
<b>NMA</b>	National Management Association
<b>NOAA</b>	National Oceanic and Atmospheric Administration
<b>NOI</b>	Net Operating Income

<b>NRD</b>	Natural Resource Damage
<b>NRDA</b>	Natural Resource Damage Assessment
<b>NREL</b>	National Renewable Energy Laboratory
<b>NSAT</b>	North Satellite Terminal
<b>NTSB</b>	National Transportation Safety Board
<b>NWMTA</b>	Northwest Marine Terminal Association
<b>NWSA</b>	Northwest Seaport Alliance
<b>OEDI</b>	Office of Equity, Diversity, and Inclusion, a Port Department
<b>O&amp;D</b>	Origin and Destination
<b>O&amp;M</b>	Operating and Maintenance Expense
<b>OPEB</b>	Other Post-Employment Benefits
<b>ORG</b>	Organization
<b>PCS</b>	Port Construction Services, a Port department
<b>PCI</b>	Payment Card Industry
<b>PDA</b>	Port Development Authority
<b>PERS</b>	Public Employees' Retirement System
<b>PFCs</b>	Passenger Facility Charges
<b>PLA</b>	Project Labor Agreement
<b>PLBs</b>	Passenger Loading Bridges
<b>PM</b>	Project Manager
<b>PMA</b>	Pacific Maritime Association
<b>PMG</b>	Project Management Group, a Port department
<b>PNWA</b>	Pacific Northwest Waterways Association
<b>POS</b>	Port of Seattle
<b>PPE</b>	Personal Protective Equipment
<b>PPM</b>	Post Panamax
<b>PREP</b>	Performance Review, Evaluation & Planning
<b>PSA</b>	Professional Service Agreement
<b>PSCAA</b>	Puget Sound Clean Air Agency
<b>PSRC</b>	Puget Sound Regional Council
<b>RCF</b>	Rental Car Facility
<b>RCW</b>	Revised Code of Washington
<b>RFP</b>	Request for Proposal
<b>RMM</b>	Regulated Materials Management
<b>SAAR</b>	Seasonally Adjusted Annualized Rate
<b>SAF</b>	Sustainable Aviation Fuels
<b>SBM</b>	Shilshole Bay Marina
<b>SDS</b>	Stormwater Drainage System
<b>SEA</b>	Seattle-Tacoma International Airport (Airport Code)
<b>SEPA</b>	State Environmental Policy Act
<b>SKC</b>	South King County
<b>SLOA</b>	Signatory Airline Lease and Operating Agreements
<b>SSA</b>	Stevedoring Services of America
<b>STEP</b>	South Terminal Expansion Project
<b>STS</b>	Satellite Transit System
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, and Threats
<b>SWT</b>	State of Washington Tourism
<b>SWU</b>	Storm Water Utility
<b>USCG</b>	United States Coast Guard
<b>USDA</b>	United States Department of Agriculture
<b>TEU</b>	Twenty-foot Equivalent Unit (shipping container)

<b>TSA</b>	Transportation Security Administration
<b>TWIC</b>	Transportation Worker Identification Credential
<b>UBC</b>	Uniform Building Code
<b>WASPC</b>	Washington Association of Sheriffs and Police Chiefs
<b>WMBE</b>	Women and Minority Business Enterprises
<b>WSCC</b>	Washington State Convention Center
<b>WSDOE</b>	Washington State Department of Ecology
<b>WSDOT</b>	Washington State Department of Transportation
<b>WTC</b>	World Trade Center
<b>WPPA</b>	Washington Public Ports Association



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