



Item Number: _____ Study Session
Meeting Date: October 8, 2024



Maritime Division

2025 Preliminary Budget | October 8, 2024



Agenda

Morning Session

- Reorganization impact
- Total Seaport Funding Look
- Maritime Division Operating Budget
- Maritime Division Capital Plan

Afternoon Session

- Economic Development Division Operating Budget
- Next Steps

Reorganization

- **Maritime division will add from Economic Development:**
 - Entirety of the Real Estate Portfolio Asset Management
 - Pier 69 Facilities
 - Innovation FTE
- **Economic Development will retain:**
 - Real Estate Development & Planning
 - Tourism
 - Diversity in Contracting
 - Lower Duwamish Hub and Grant Programs
- **Impact:**
 - All revenues and allocations reside in Maritime
 - Capital Plan will reside in Maritime.
 - EDD Profit and Loss Statement – Levy, Tourism, and Duwamish Hub revenues & expenses.

Seaport Rollup

	2021	2022	2023	2024	2024	2025	Change from 2024	
\$ in 000's	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
Revenues								
Maritime	57,826	89,265	99,648	107,671	107,155	118,043	10,371	10%
Economic Development Division	(202)	69	(24)	3	3	3	0	0%
Joint Venture	54,842	55,381	57,636	55,881	55,881	55,613	(268)	0%
Total Revenue	112,467	144,715	157,261	163,555	163,039	173,659	10,103	6%
Expenses								
Maritime	65,174	81,655	93,768	100,171	99,369	105,343	5,172	5%
Economic Development Division	3,170	2,102	3,351	3,087	3,087	4,199	1,112	36%
Joint Venture	2,390	2,539	3,466	2,270	2,270	1,750	(519)	-23%
Total Expense	70,734	86,296	100,586	105,528	104,726	111,292	5,764	5%
NOI before Depreciation	41,733	58,419	56,676	58,028	58,314	62,367	4,339	7%
Depreciation	36,556	36,678	37,008	35,794	35,794	35,648	(146)	0%
NOI After Depreciation	5,177	21,741	19,667	22,233	22,519	26,719	4,485	20%

- Maritime – Cruise & Conference Center
- EDD – Contingency Payroll Vacancy Factor
- JV - Distributable Cash vs Income

- NOI Before Depreciation of \$62.4M is a proxy for the Operational Cash Flow absent:
 - Debt Service Payments (Both POS and NWSA)
 - Environmental Remediation Expense (Both POS and NWSA)
 - Public Expense
- Operational cash flow is available to pay for capital investments and any new expenses. Anything not paid from operational cash flow must rely on the tax levy.



Maritime: Interacting Mega Themes

Infrastructure ↔ Technology

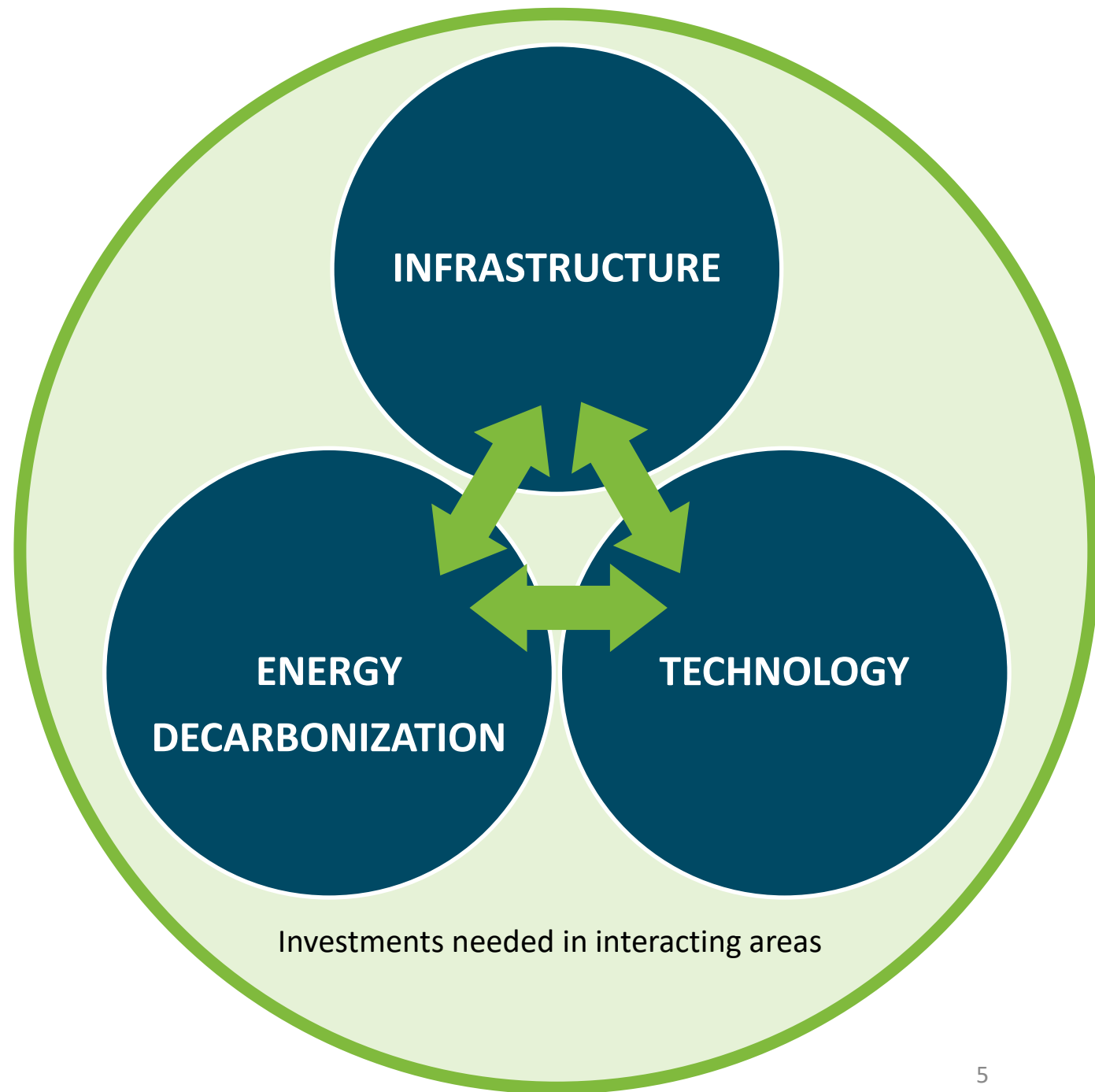
- Drones: supporting Capital, security, sustainability
- AI to support Asset Management
- Infrastructure needed to support IT

Technology ↔ Energy

- AI & Digitization
- Need for resilient technology

Energy ↔ Infrastructure

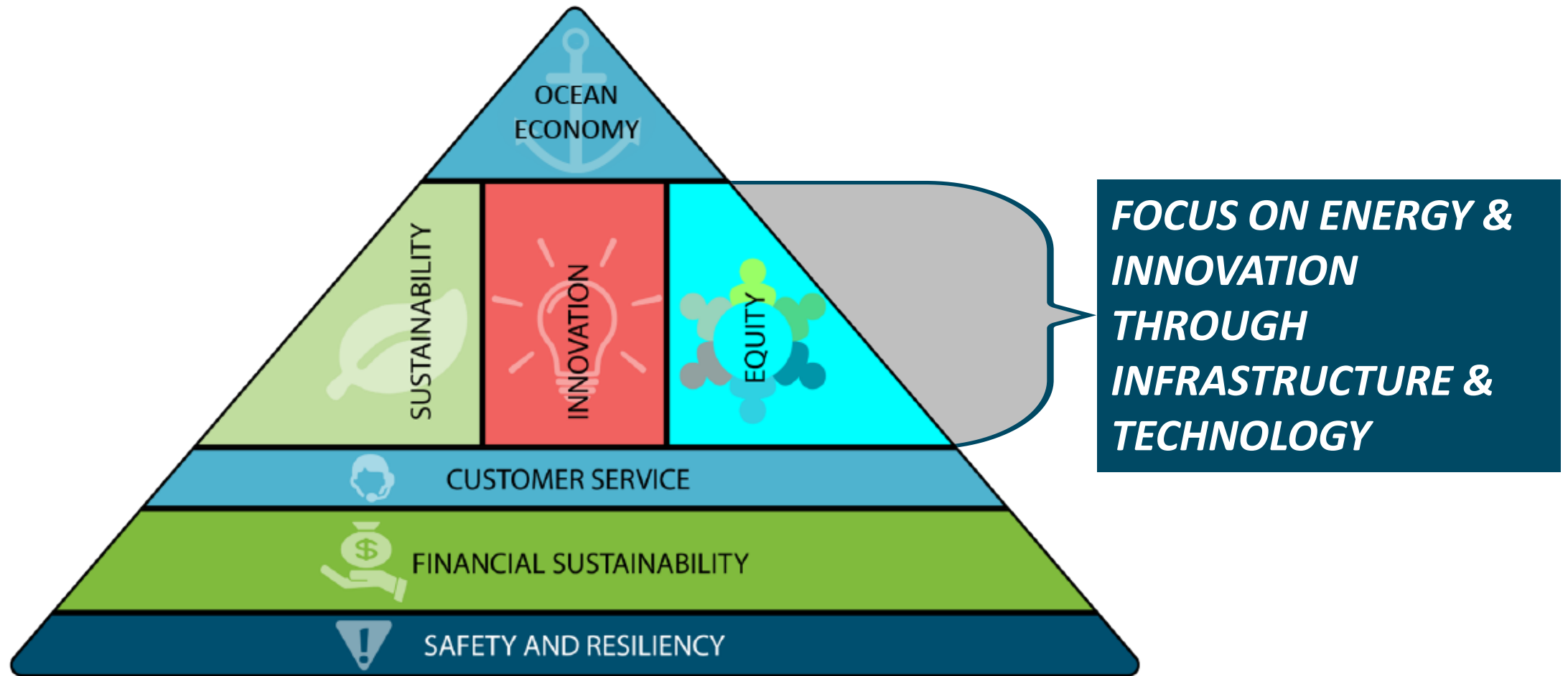
- Electrification upgrades
- Fleet Facility
- IT



2025 Maritime Priorities

- Technology and Innovation:
 - AI/IOT/Digitization is disseminating rapidly in Maritime
 - Supporting Infrastructure is needed
 - Port Use
 - Customer use
 - Formation of Maritime Technology Working group
- Infrastructure: needed to support decarbonization and technology deployment
 - Shore power and electrification upgrades in Capital Plan
 - New Fleet Facility
 - Technology infrastructure: infrastructure masterplan at T91
- Decarbonization: implementation
 - Advancing readiness
 - Workforce, safety procedures
 - Emissions Inventories: annual, transitioning to well to wake
- Equity and Resiliency:
 - Comprehensive advanced and resiliency planning for critical infrastructure to be energy independent
 - Parks upgrades based on Parks assessment

Maritime Priorities 2025



2025 Maritime Key Projects

New Projects

- P66 & P91 (cruise & fishing) shore power – additional infrastructure (energy/infrastructure)
- Marine Maintenance (South) Fleet & Stormwater Facility – safety & workforce development (energy/infrastructure)
- Drones for Maritime data gathering/Operation inspections (technology/Infrastructure)

Existing Projects

- FT NW Dock Improvements – significant increase to \$80M (Infrastructure)
- Waterfront Smart Meters – \$3M increase (technology/energy)
- Portfolio: Building Demos at T91 – approx. \$10M (infrastructure)
- FT C15 Building Improvements - \$16M (energy)

Staff Engagement Projects

- Parks Amenities, Duwamish Valley Parks – based on Parks assessment outcomes (equity/resiliency)

SWOT Analysis – Maritime Division



- Strong relationships with external & internal stakeholders in our businesses.
- Well-positioned infrastructure across each maritime business.
- Dedication to partnering with workforce development in the Region, focusing on BIPOC communities.

- Conflicting business demands at shared facilities.
- Communication across departments is challenging and can inhibit decision making; unclear ownership of decisions.
- Staffing level challenges; workload straining capacity on teams.

- Technology upgrades to enhance customer experience and revenue opportunities.
- Large scale events scheduled to come to Seattle (LPGA, FIFA)
- Further advance our collaboration with the NWSA

- Cost escalation impacting infrastructure improvements.
- Ongoing vandalization, thefts and public safety concerns.
- Environmental efforts are expensive and take extensive time to plan, permit & complete.



2025 Equity in Budgeting Highlights

- Funds added in Capital Plan to **implement Parks Management Strategy**.
- Increased sponsorships that **support workforce development & equity**.
- Outside services contracts and service directives have a **15-20% WMBE Goal**.
- Equitable **professional development/training** incorporated across all budgets.

Commission 2025 Budget Priorities

\$3M in Capital Plan for Parks Management– To implement park enhancements and evaluate concepts for incorporating elements from Parks Management Strategy.

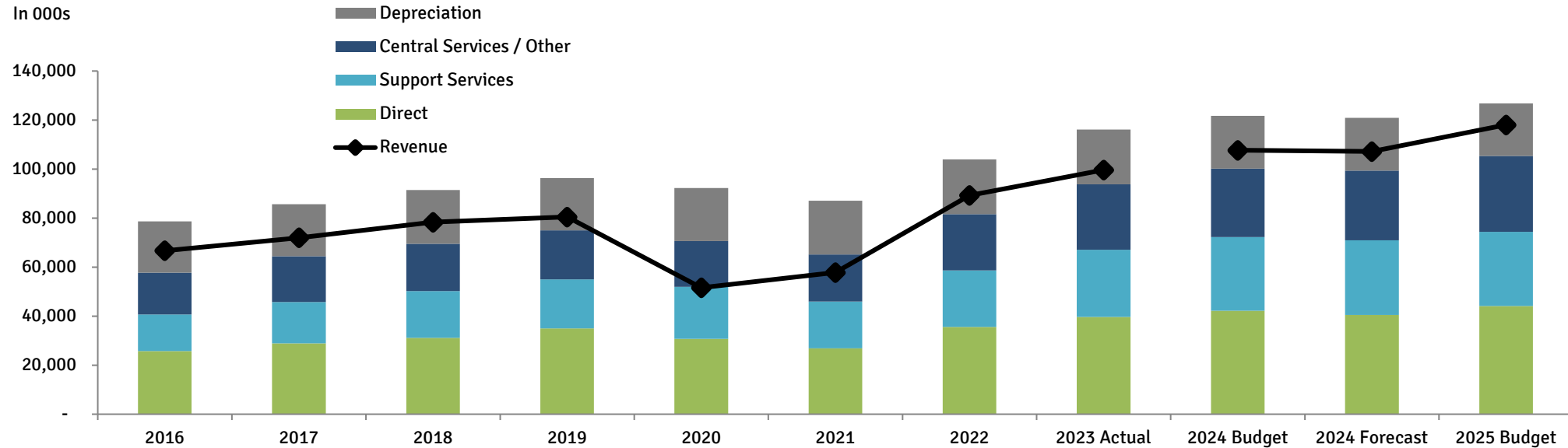
\$400K for Propeller Siting– To assess locations for the ferry propellers.

\$30K IMO Mentorship Program– To support exploration of programs that move toward decarbonization.

\$380K Maritime decarbonization clean fuels – Maritime Environmental budget includes \$380K for Green Corridor & maritime sustainable clean fuels work.



Total Maritime Trend



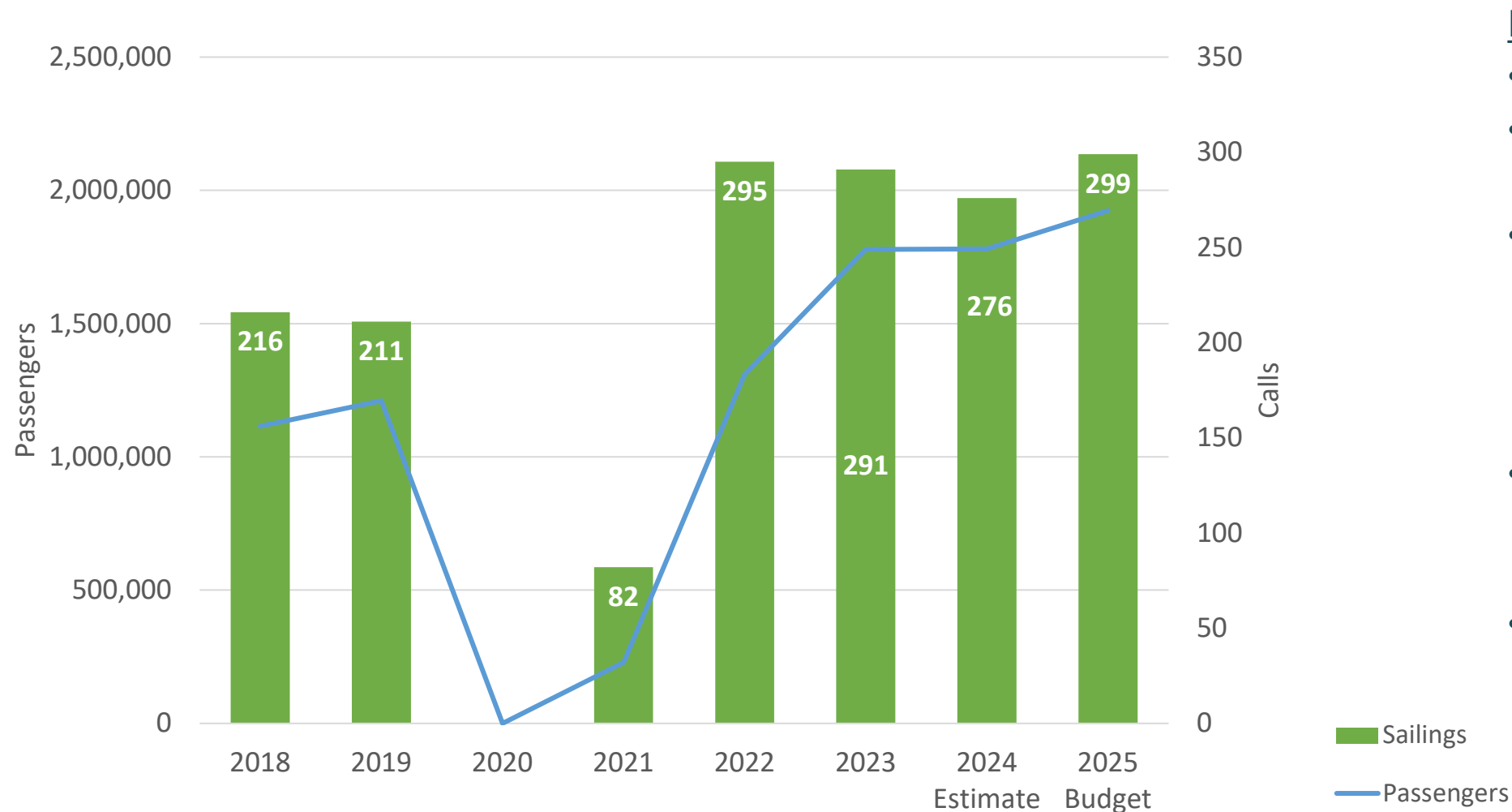
Revenue Impacts Post-Pandemic

- Growth in cruise
- T106 ground lease
- Conference & Events challenges
 - Teleconferencing
 - Competition
 - Construction on waterfront

Expense Impacts Post-Pandemic

- T46 lease payment starting in 2020
- Inflation:
 - Payroll (represented and non-represented)
 - Construction
 - Materials
- Lower Conference Center Expenses

Cruise Sailings & Passengers



In 2025:

- 299 sailings
- 1.9M passengers
- Assumes pre-pandemic average occupancy level of 104%
- 2 larger NCL ships (Joy & Riviera)
- 12 Cunard Queen Elizabeth sailings added

Cruise - Revenue Outlook

Rate increase assumptions:

- **Tariff**
 - Royal Caribbean & Celebrity
 - Rate Increase: 5%
- **NCLH**
 - Rate increase: 4.5%
- **Carnival Corporation**
 - Rate increase: 4.5%
- **Pier 66 Cruise growth driven by:**
 - Utility pass-through revenue from shorepower.
 - Larger Vessels in 2025
 - Norwegian Sun replaced by the Joy
 - Oceania Regatta replaced by the Riviera

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B (\$)	24B v 25B (%)
Terminal 91 Cruise	30,900	30,390	35,180	4,790	16%
Pier 66 Cruise	10,750	10,620	14,800	4,180	39%
Total Revenue	41,650	41,010	49,980	8,970	22%

Cruise – Expenses

- ❑ **Expense Growth**
 - ❑ P66 shorepower:
 - ❑ Electricity utilities (\$1.4M)
 - ❑ Recovered with utility sales revenue
 - ❑ Watts maintenance & repair contract (\$90K)
- ❑ **New Requests:**
 - ❑ New FTE, Manager Cruise Technical & Environmental Operations
 - ❑ Consultant – FIFA World Cup Impact Analysis (\$80K)

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B (\$)	24B v 25B (%)
Payroll	790	838	1,054	216	26%
Outside Service	1,687	1,901	1,921	20	1%
Other Expenses	3,265	3,274	4,823	1,549	47%
Total Expenses	5,742	6,013	7,798	1,785	30%

Note: Outside Services contains the Port Valet contract and Other Expenses contains Utilities and the \$2.1M payment to NWSA.

Recreational Boating Rates for 2025

- Business Fundamentals
 - Offer best possible rate while maintaining a financially self-sufficient marina (not rely on taxpayer dollars)
 - Do not disrupt market by undercutting private facilities who must also be profitable to remain open and available to recreational boaters
- 3rd party study developed 2025 Rate Change recommendations
 - Refined rate comparisons - by slip size
 - POS rates “re-balanced” by slip size to better reflect current market rates (80th percentile of peer marinas)
 - Cap amount of increase in a single year

Rec. Boating & Ship Canal Proposed Rates Increase in 2025

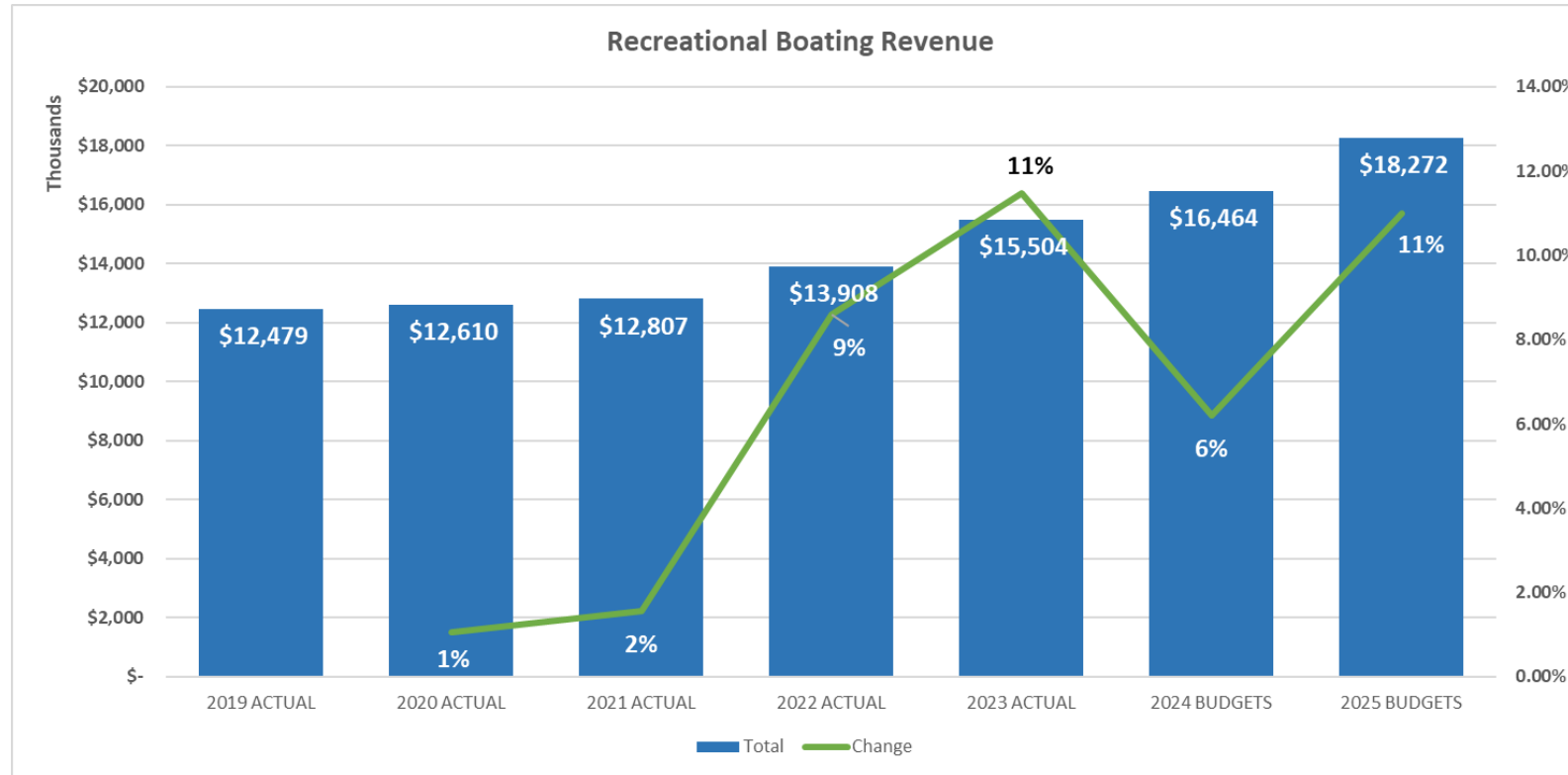
Location	Slip Size	Rate Change	Slip Size	Rate Change
SBM	30'	5%	60' ~ 64'	12%
	34'	12%	65' ~ 69'	12%
	36'	9%	70' ~ 110'	1%
	38'	9%	>110'	0%
	40'	9%	60' to 64' EOP	12%
	42'	5%	65' to 69' EOP	1%
	46'	11%	70' to 110' EOP	0%
	50'	11%		
	Dry Moorage	7%	Charter Vessels	5%
	Guest Moorage	0%	Fishing Vessels	5%
	Live-aboard	increase from \$149 to \$225		
	Laundry	increase from \$2.20 to \$2.50		
	Services & Other	7%		

HIM	Moorage	Rate Change
	Recreational	0%
	Commercial	5%
	Live-aboard	same as SBM

BHM	Slip Size	Rate Change
	36' to 40'	6%
	46' to 50'	4%
	56' to 60'	10%

Location	Slip Size	Rate Change	Location	Slip Size	Rate Change
FT/MIC	< 79'	5%	FT Rec	<= 40'	13%
	80' ~ 125'	7%		> 40'	16%
	> 126'	10%	SalBM	all	13%
All	Forklift Rental	5%	All	Services & Other	7%

Recreational Boating - Revenue

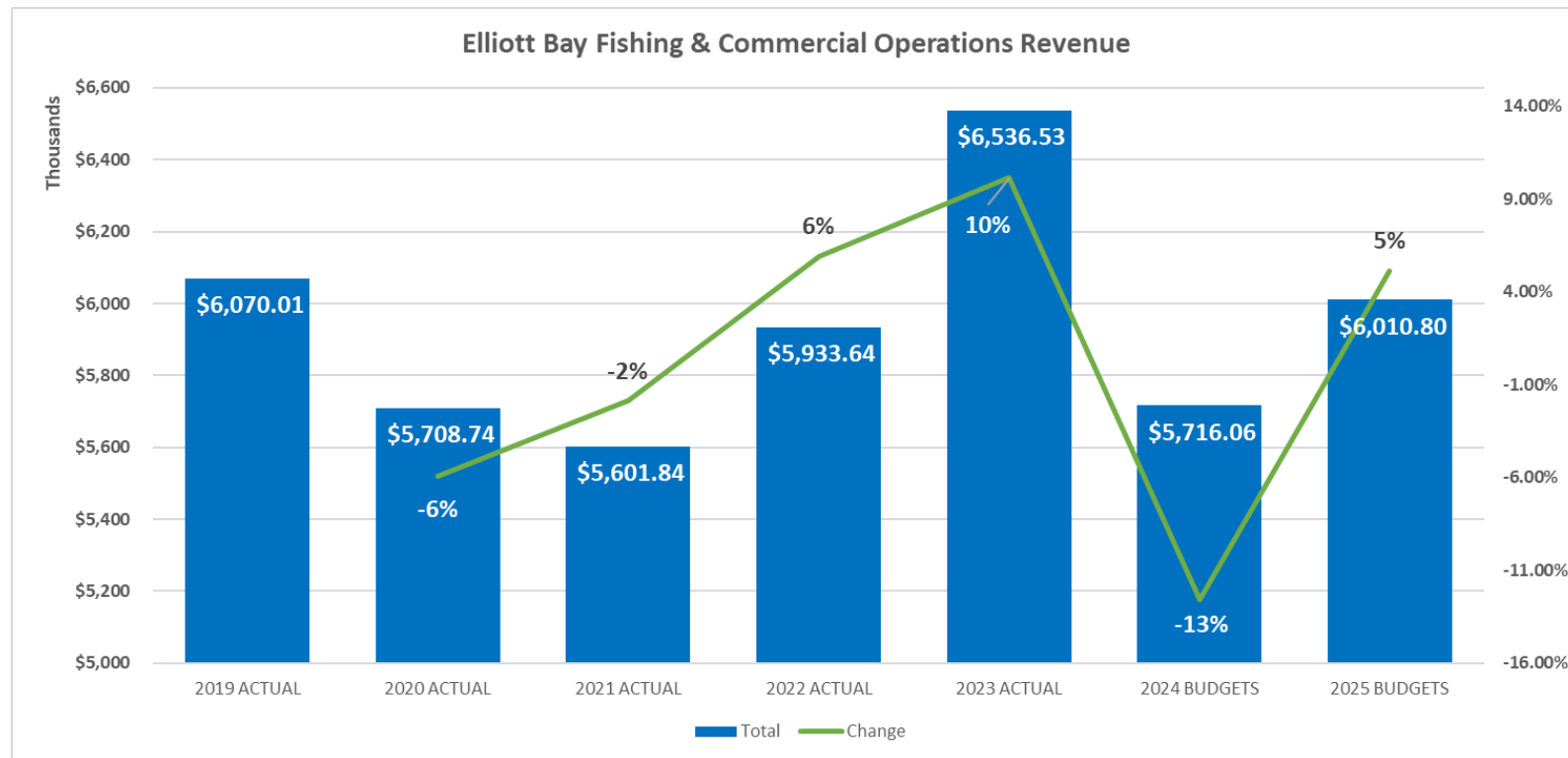


2025 Revenue

- Moorage rates vary from 0% to 12% based on slip size
- Service rate increases by 7%
- Live-aboard rate increases from \$149 to \$225

*Utility revenue and expenses are not included

Elliott Bay Fishing & Commercial Operations - Revenue

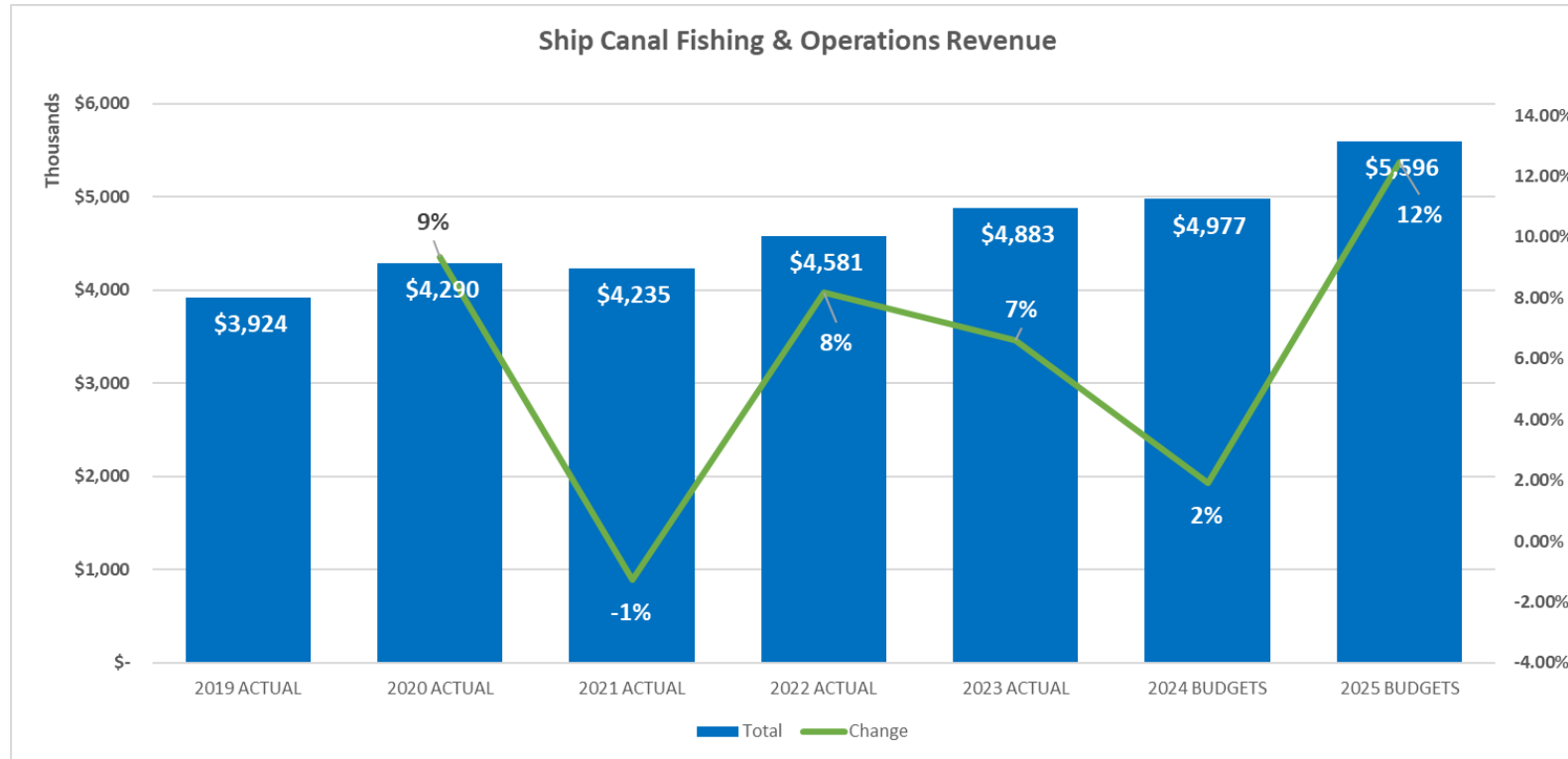


2025 Revenue

- Elliott Bay dockage/moorage rates are proposed to be increased by 5% unless indicated otherwise by the Consumer Price Index (CPI) in each lease agreement.

*Utility revenue and expenses are not included

Ship Canal Fishing & Operations - Revenue



2025 Revenue

- Moorage rates vary from 5% to 16% based on vessel size
- Service rate increases by 7%
- Forklift Rental rate increases by 5%

*Utility revenue and expenses are not included

Recreational Marinas & Commercial Operation Expenses

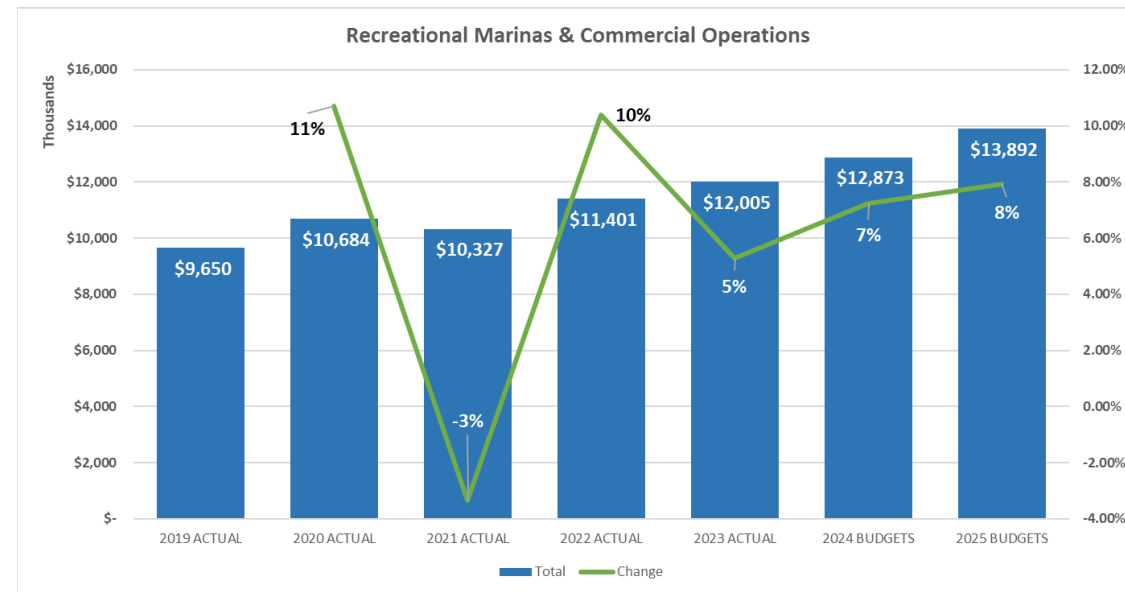
❑ Expense Growth

- Outside Service: Security up (\$540K)/ 24%
 - The Commissioners have approved \$30 million for security spending over the next five years, and we are currently in the process of searching for a new security services provider.

\$ in 000's	2023 Actual	2024 Budget	2025 Budget	25 vs 24 Bud Var	
				\$	%
Payroll	5,365	6,046	6,341	295	5%
Outside Service	2,162	2,386	2,982	597	25%
Other Expenses	4,478	4,442	4,569	127	3%
Total Operating Expenses	12,005	12,873	13,892	1,019	8%

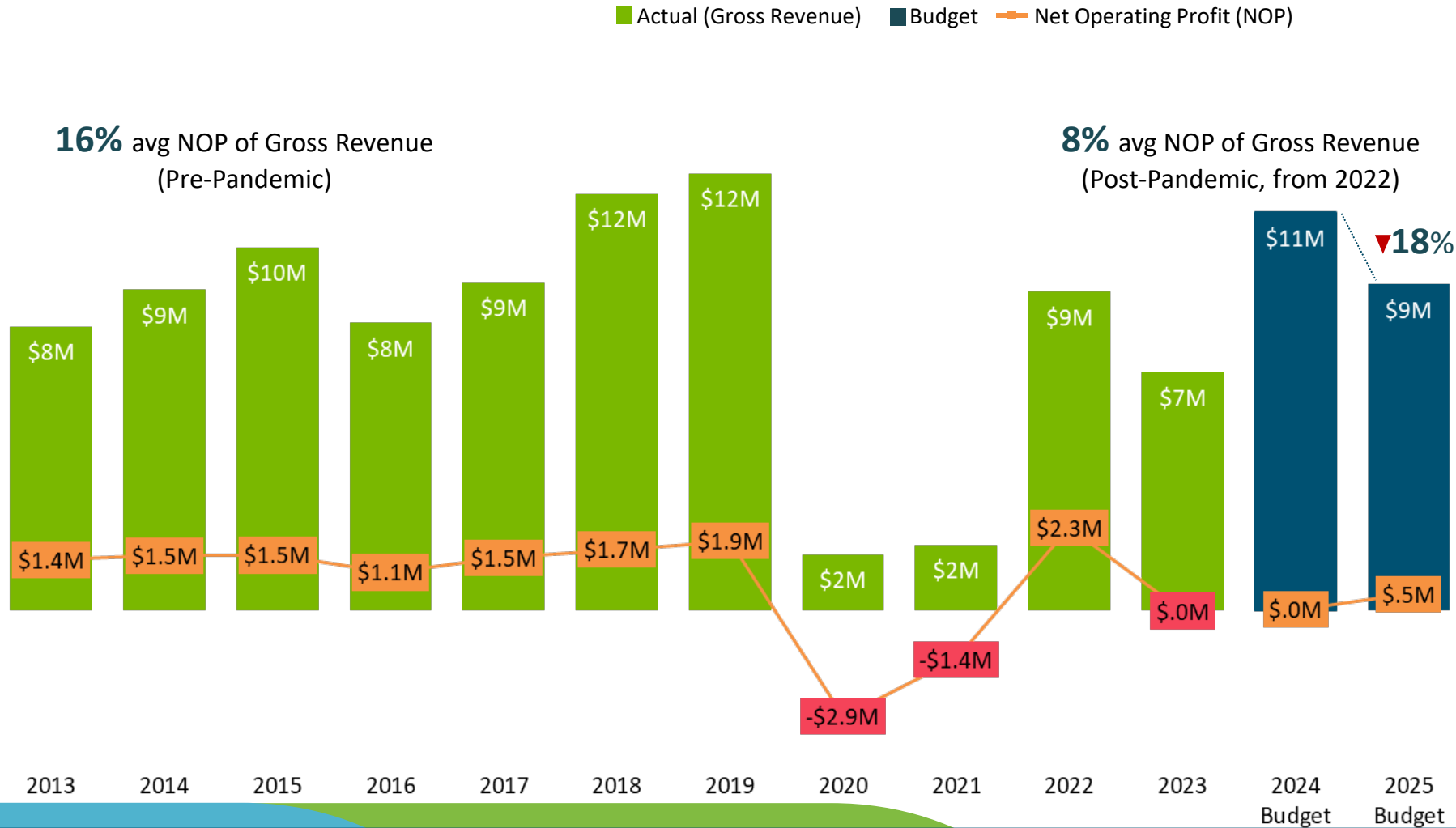
❑ New Requests:

- 16 new washers & dryers (~\$50K) at SBM
- Security barriers (\$40K)



Revenue Outlook – Portfolio Management

Conference Events Centers (CEC)



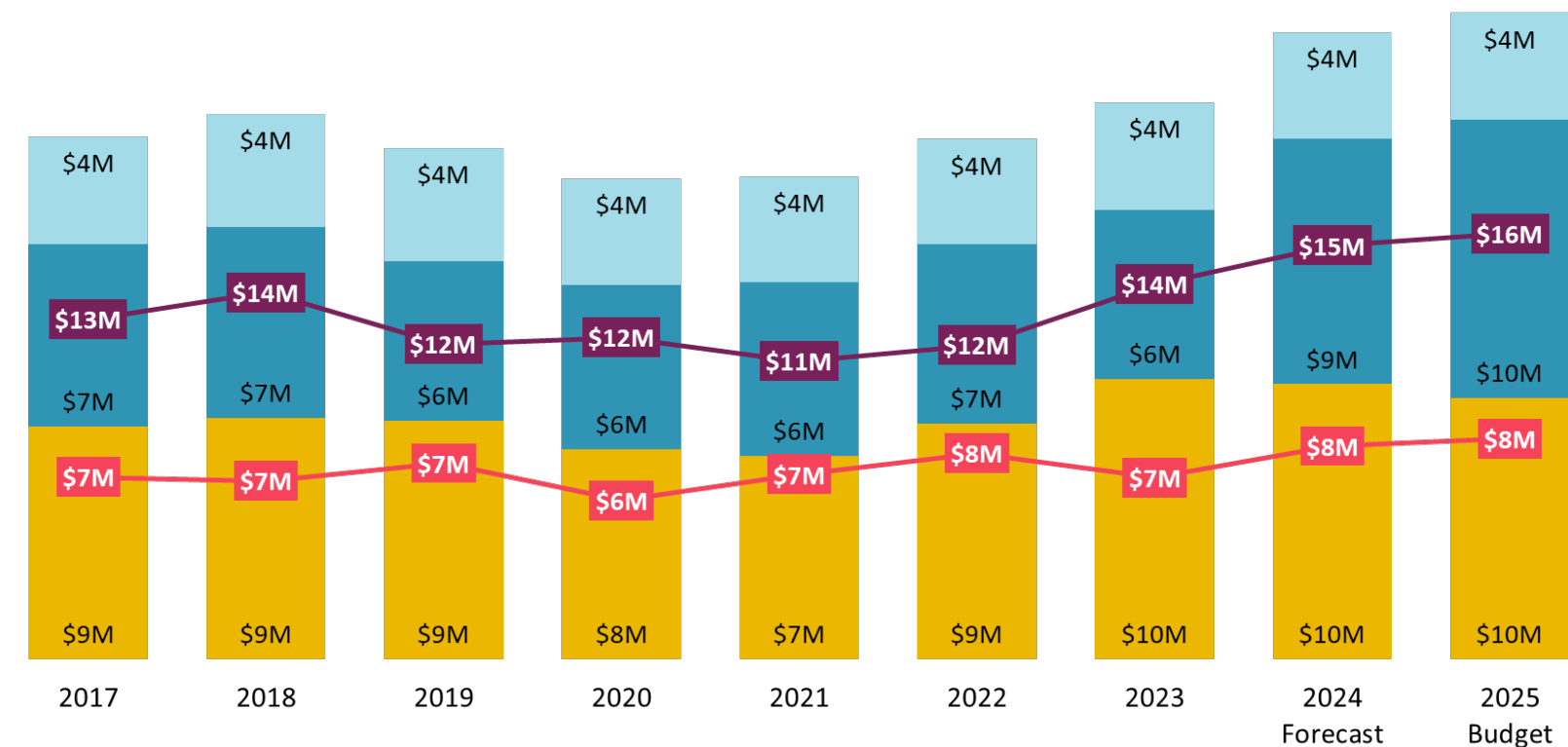
2025 Revenue Budget Drivers:

- Competitor loss-leading pricing
- Reduced corporate travel budgets (hybrid work model)
- Memberships & WTCSE event sponsorships still below pre-pandemic levels

- CEC budget provided by Columbia Hospitality
- NOP = Net Operating Profit or Revenues minus Direct Costs like Food, Labor, Management Fees, and Sales & Marketing.

Revenue Outlook – Portfolio Management

Lease, Parking Garage and Concession Rent (Non-CEC)



2025 Revenue Budget Drivers:

- T91's higher rates due Market Rate Reset
- T106 Ground lease at full rate (construction completed in April 2024)
- Competition and hybrid work model lead to lower occupancy at WTC West

Marina Office: FT, MIC, SBM, Salmon Bay Marina

Maritime Industrial: T91 (Piers), T106

Central Harbor: T91 Upland, T102, WTCW, P66, Bell Street Garage

Central Harbor Revenue Industrial Properties Revenue Marina Office & Retail Revenue NOP Total Direct Expense

Portfolio Management - Expenses

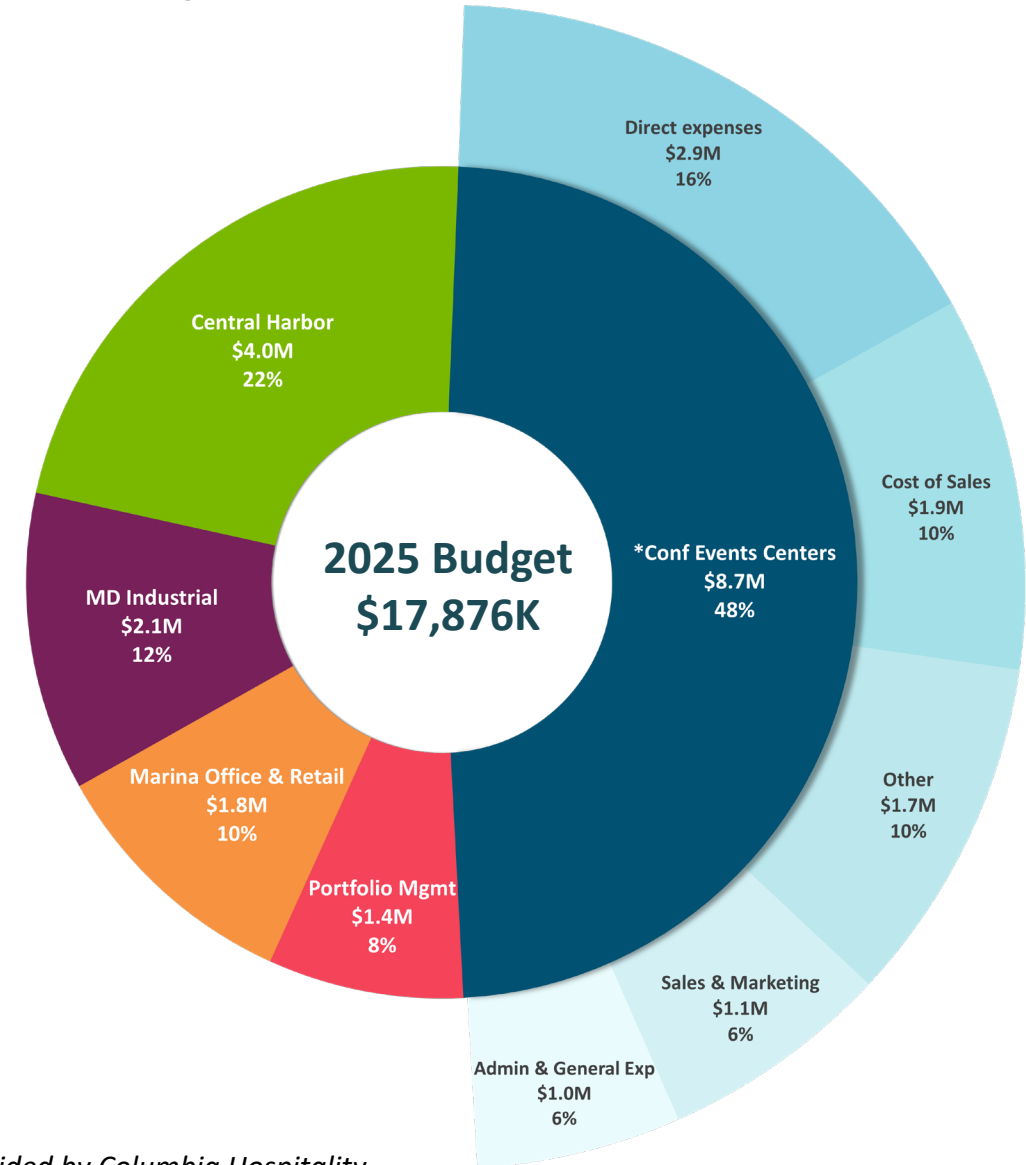
In \$000s	2023 Act	2024 Bud	2025 Bud	24B vs 25B (\$)	24B vs 25B (%)
Salary & Benefits	1,827	2,118	2,263	144	7%
Outside Service	495	965	1,099	135	14%
Other Expenses	12,007	15,824	14,515	(1,309)	(8%)
Total	14,329	18,907	17,876	(1,030)	(5%)

❑ Expense Decrease

5% lower than 2024 expense budget

Other Expenses

- General expenses down 9% mainly due to lower projected CEC business volume
- Utilities down 7%



* CEC budget provided by Columbia Hospitality

Marine Maintenance - Expenses

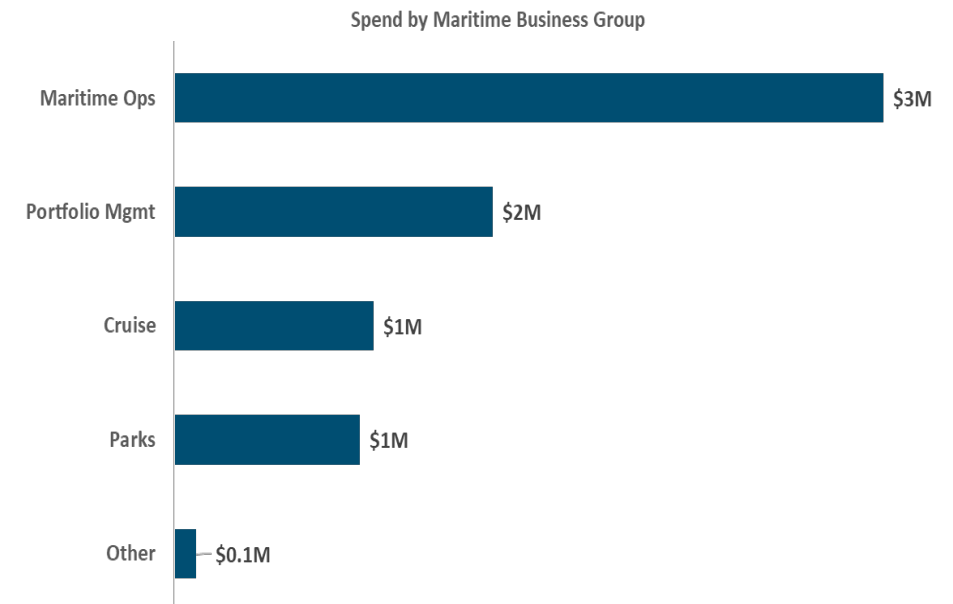
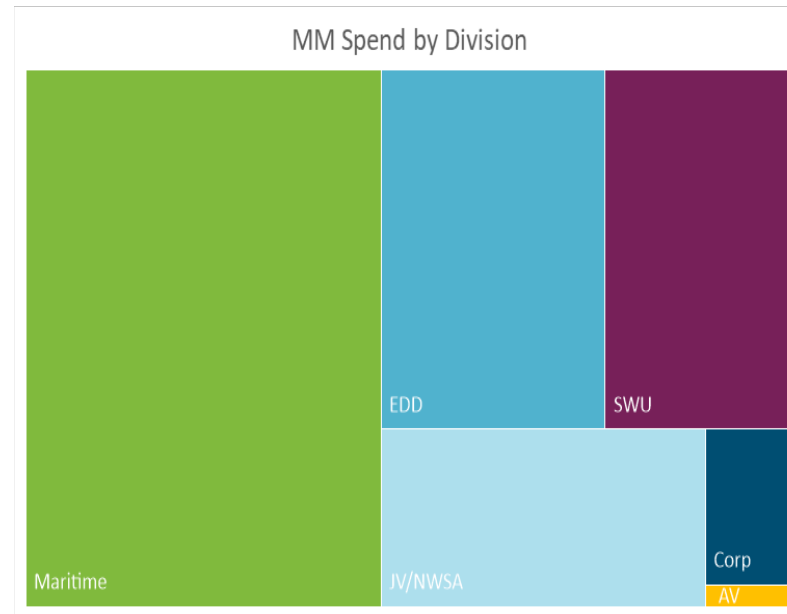
❑ Expense Growth

- 6% Staff salary Increase
- Represented Wages overbudgeted in 2024. Reduction in 2025 to align with expectations.
- Outside Services reduced by \$200K due to parks survey budgeted in 2024.
- Travel/Training reduced \$77K -19%

In \$00s	2023 Act	2024 Bud	2025 Bud	24B vs 25B	%
Salary & Benefits	24,493	24,437	25,629	1,192	4.9%
Outside Service	894	789	808	18	2.3%
Other Expenses	6,334	5,563	5,495	-68	-1.2%
Total	29,721	30,789	31,932	1,143	3.7%

❑ New Requests

- Sheet Metal Worker (\$200K)
- Plumber (\$200K)
- Automotive Mechanic (\$195K)
- Recording Amp Meters (\$20K)
- 2-20' Conex Style Storage Containers (\$24K)
- Emergency Life Saving Equipment for MM Port Vehicles (\$15K)



Waterfront Project Management – Expenses

- ❑ Expense Growth
 - ❑ Outside Services decrease from a reduction in small works projects from 2024 budget.
- ❑ New Requests
 - ❑ Professional services support to update and expand Project Delivery Process Manual (PDPM) - \$200,000. This is a one-time request and is an ongoing continuation of the 2024 project - \$50,000 budgeted in 2024

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B	% Growth
Payroll	5,394	7,596	7,749	153	2%
Outside Service	1,689	2,152	1,187	(965)	(45%)
Other Expenses	(2,809)	(4,470)	(4,302)	168	4%
Total Expenses	4,274	5,278	4,634	(644)	(6%)



Maritime Environmental & Sustainability Expenses

- ☐ Expense Growth
 - ☐ Increase to payroll is mainly due to a reduction in Capital and ERL projected charging for 2025 (see Other Expenses)
 - ☐ All other
- ☐ New Request
 - ☐ Environmental Management Specialist
\$30k Expense \$118k Capital
 - Increased workload from Capital Plan, Marine Maintenance and NWSA projects
 - New, more complex regulations
 - More complex projects
 - Staff will focus primarily on small capital and expense projects
 - 55 projects/yr 2018-2020
 - 102 Projects 2023
 - 107 Projects YTD August 2024

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B	% Growth
Payroll	3,686	4,436	4,814	378	9%
Outside Service	1,721	2,049	1,871	(178)	-9%
Other Expenses	(773)	(375)	(903)	(528)	-141%
Total Expenses	4,634	6,110	5,782	(341)	-5%

Note: Other expenses mostly charges to capital offset

Maritime Environment & Sustainability

Outside Services

<i>in \$000s</i>	2024 Budget	2025 Budget	<i>in \$000s</i>	2024 Budget	2025 Budget
Multi-Site Mitigation Bank	65	65	Energy Compliance Program	135	30
PORTfolio Planning Services & Corrective Actions	170	170	Maritime Energy Efficiency	80	80
Duamish Basin Steward MOA	30	35	Maritime Fuels Program	205	280
Bankline Programmatic	25	25	Green Corridor	150	100
Smilth Cove Blue Carbon Project	0	40	Climate and Air Program	90	235
T117 DRPP Habitat Monitoring	240	250	Cruise Environmental	17	
UNMMP Implementation	50	90	Energy Planning P66 & T91	50	
Duwammish Calley Stewardship Env Justice	40	40	Total Climate & Sustainability	727	725
Total Habitat	620	715	Permitting Support	120	200
 Solid / Hazardous Waste	 30	 30	Environmental Assessment and Coml	139	139
			Discontinued Projects	235	

<i>in \$000s</i>	2024 Budget	2025 Budget
Total	1,871	1,809

Note: Does not include \$62K in software expense.

Maritime Division FTEs

2025 Maritime FTEs

<u>Description</u>	<u>FTEs</u>
2024 Approved Budget	296.5
Changes in 2024:	
Mid-Year Approvals	0.0
Eliminated	0.0
Transfer	19.0
2024 Baseline	315.5
2025 Budget Changes:	
Transfer	0.0
Eliminated	0.0
New FTEs Approved	6.0
Net Change	6.0
2025 Proposed FTEs	321.5

Transfers from EDD to MD

- Innovation Mgr. - 1
- Portfolio Mgmt. – 13
- P69 Facilities - 5

New FTEs - 6

- Division Admin
 - Sr Planner Resiliency
- Maintenance
 - Plumber
 - Sheet Metal Worker
 - Automotive Machinist
- Environmental & Sustainability
 - Sr Program Mgr.
- Cruise Operation
 - Mgr. – Technical & Environmental



Maritime Division

Draft 2025-29 Capital Improvement Plan (CIP)

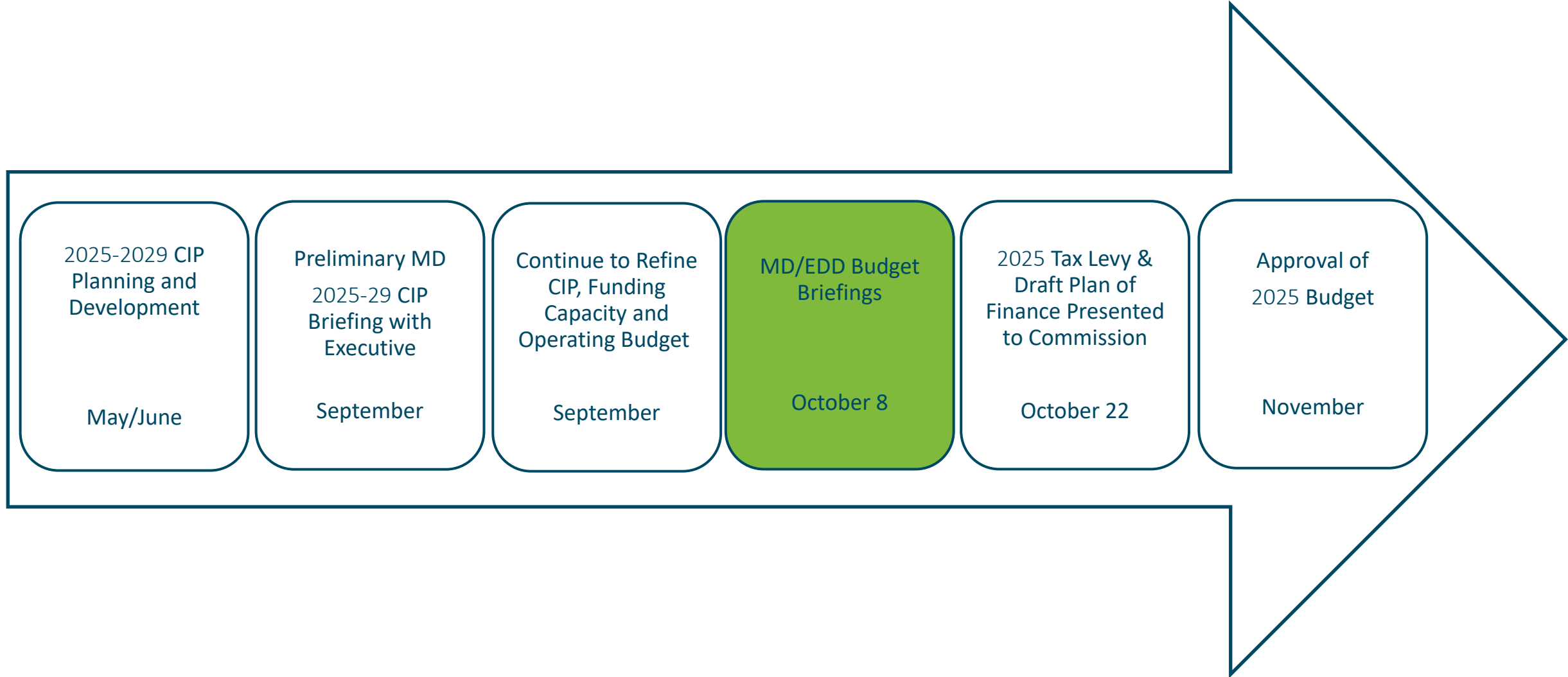
2025 Draft Budget | October 8, 2024



Agenda

- CIP Development Timeline
- CIP Dynamics and Development Summary
- Areas of Focus/Discussion
 - Waterfront, Environmental, P69
- Summary of Proposed CIP
 - New Projects Added
 - Projects Postponed
- Funding Factors
- Updates on Major Projects

CIP Timeline



2025 Capital Development Dynamics

- Managing large capital spend
 - Major projects in construction or nearing construction
 - Maritime Innovation Center, T91 Berths 6&8 Redevelopment, P66 Shore Power (nearing completion)
 - Preparation for major environmental clean-up work
 - Continued concurrent NWSA (North Harbor) project delivery
- Considerable asset preservation work on the horizon
 - FT NW Dock, Pier 69, Salmon Bay Marina, MIC, T91, and Central Waterfront
- Extended permitting durations impacting projects
- Expanded use of Alternative Delivery Methods
- Continued implementation of the Sustainable Evaluation Framework

CIP Development

- Over \$750M in spending requested for five-year CIP
 - Preliminary Funding Guidance: Not to Exceed approx. \$600M
- Emphasis:
 - Critical asset preservation work,
 - Environmental initiatives,
 - Expanded facility capacity,
 - Waterfront access & refurbishment

MD Capital Improvement Plan Priorities



Financial Sustainability:

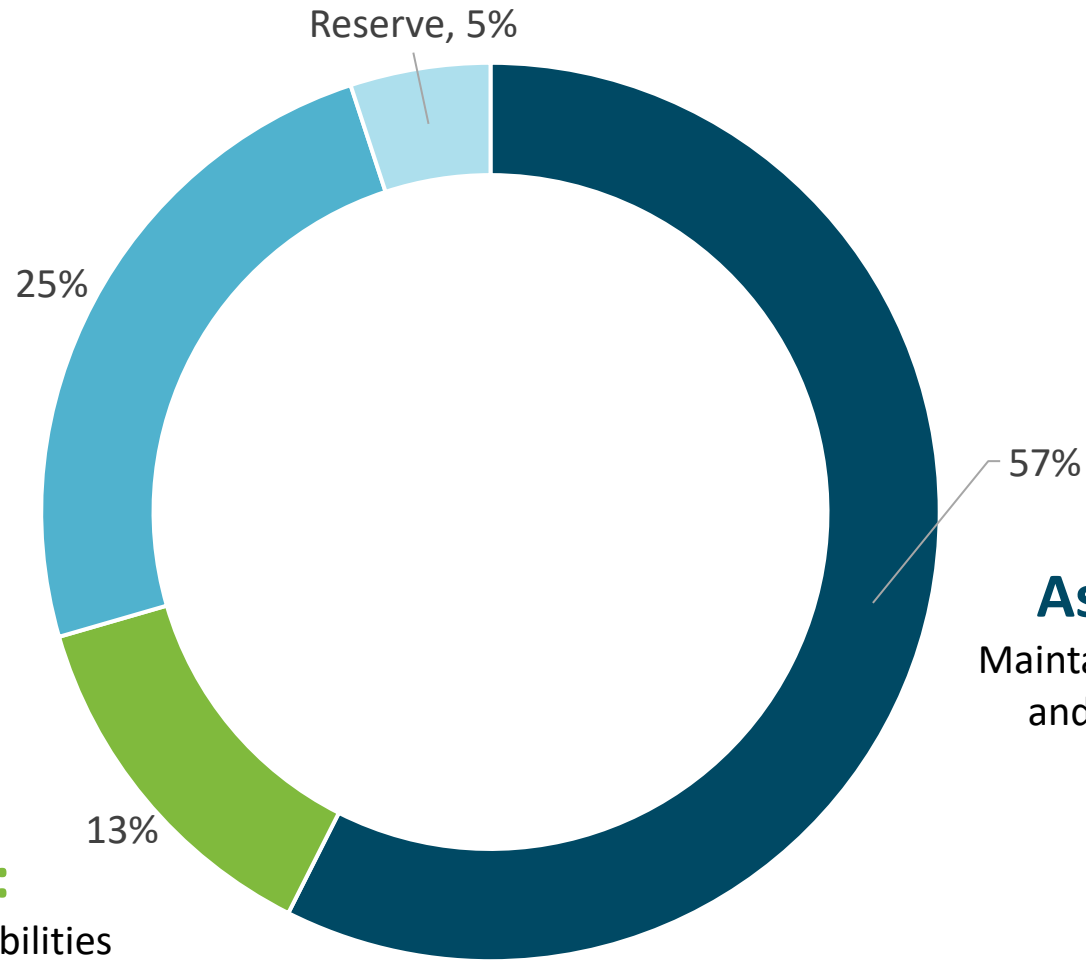
Making investments that support maritime industries and the Port's long term funding capacity



Community & Environment:

Stewarding our environment and social responsibilities

*All projects incorporate Community & Environment priorities when possible



Asset Stewardship:

Maintaining the Port's capital assets and preserving Seattle's iconic working waterfront

Over half of the CIP is dedicated to preservation of existing assets

Driving Sustainability

Project/Program	2025	2026	2027	2028	2029	5Y Total	Project Total
T91 Cruise Shore Pwr Extension	500	6,495	6,494			13,489	15,800
P66 Cruise Shore Power	52					52	39,419
P66 Cruise Shore Power Extension	500	3,500	3,500			7,500	7,500
Waterfront LED Lighting	1,050	3,612	500	0	0	5,162	5,922
Waterfront Smart Meters	1,940	3,714	3,783	3,763		13,200	13,404
Waterfront EV Infrastructure - Phase	930	4,171				5,101	5,300
Fleet EV Purchases*	1,132	924	820	280	614	3,770	8,212
Shoreline Habitat Improvements	940	965	500	500	500	3,405	4,604
Total	15,742	21,267	13,327	4,963	2,035	57,334	112,480

*Estimated EV fleet purchases, subject to model and charging infrastructure availability

Additional environmental enhancements included in projects

- Examples: Maritime Innovation Center (Living Building Challenge certification), FT C15 Building Improvements (energy efficiency), and T91 Berths 6&8 (stormwater upgrades)

Expanding Facility Capacity & Preserving Assets

- Cruise:
 - T91 & P66 Shorepower Ext: \$24M
 - T91 Dredging Berths J/K: \$4M
 - New Gangways: \$12.5M
- Fishing & Commercial
 - T91 Berths 6&8: \$89M
 - FT Northwest Dock: \$56M
 - T91 Dredging Berth M: \$4M
- Portfolio Management
 - Maritime Innovation Center: \$32M
 - T91 Uplands Development: \$115M
- Marine Maintenance
 - Fleet/SWU Facility: \$21M

Pier 69/Waterfront Projects

P69 Projects

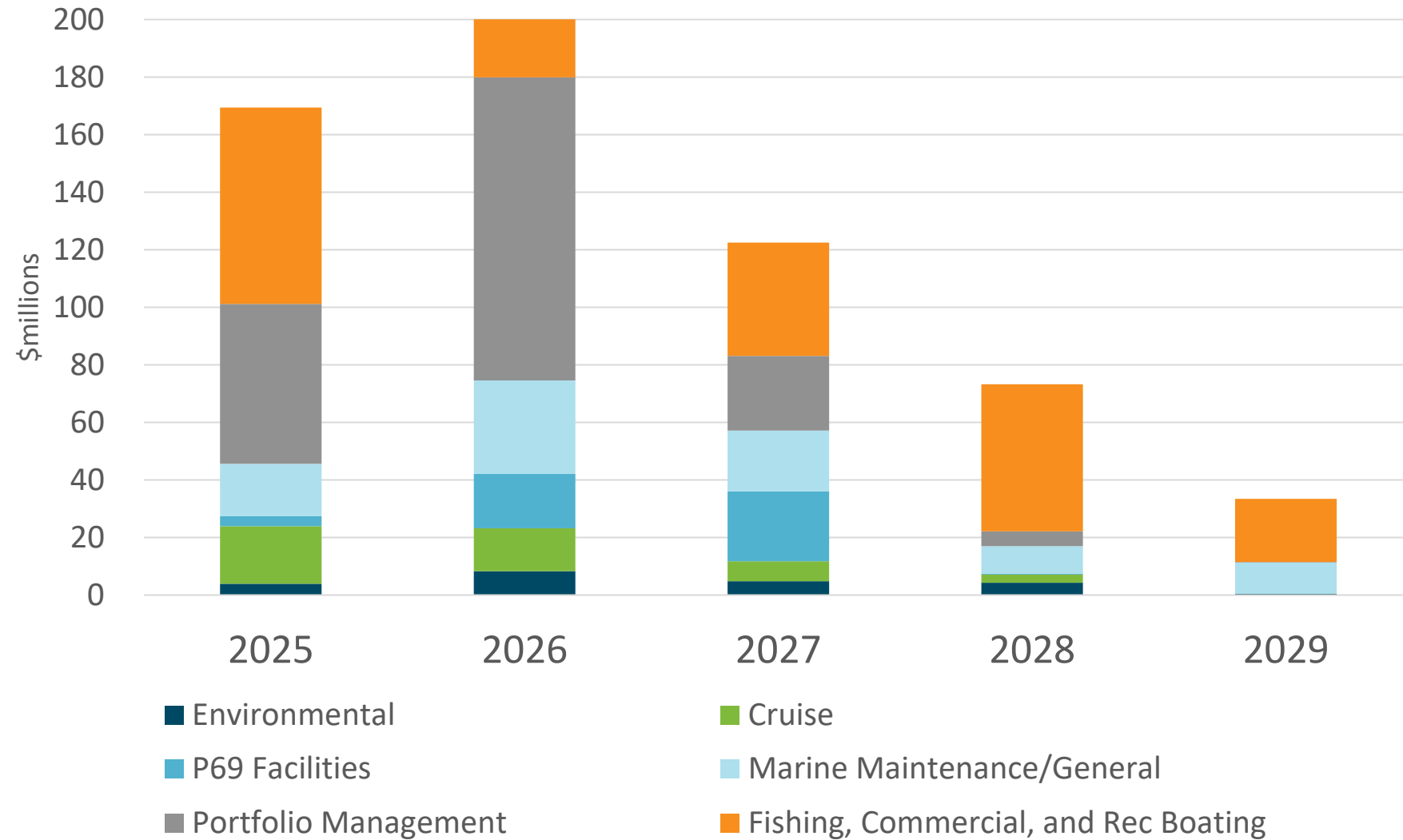
Project	2025	Total Project
P69 Concrete Dock Rehab	450	39,000
P69 HVAC System Modernization*	900	39,000
P69 Underdock Utility Replacement	5	5,443
P69 Clerestory and Skylight Replacement	0	2,975
P69 Elevator Control Modernization	1,412	2,499
P69 3rd Floor Terrace Repair	225	1,100
P69 Public Video Wall	326	650
P69 Computer Room Replacement	125	570
Total	3,443	91,237

*Design/construction planned for 2030+

P66 Projects

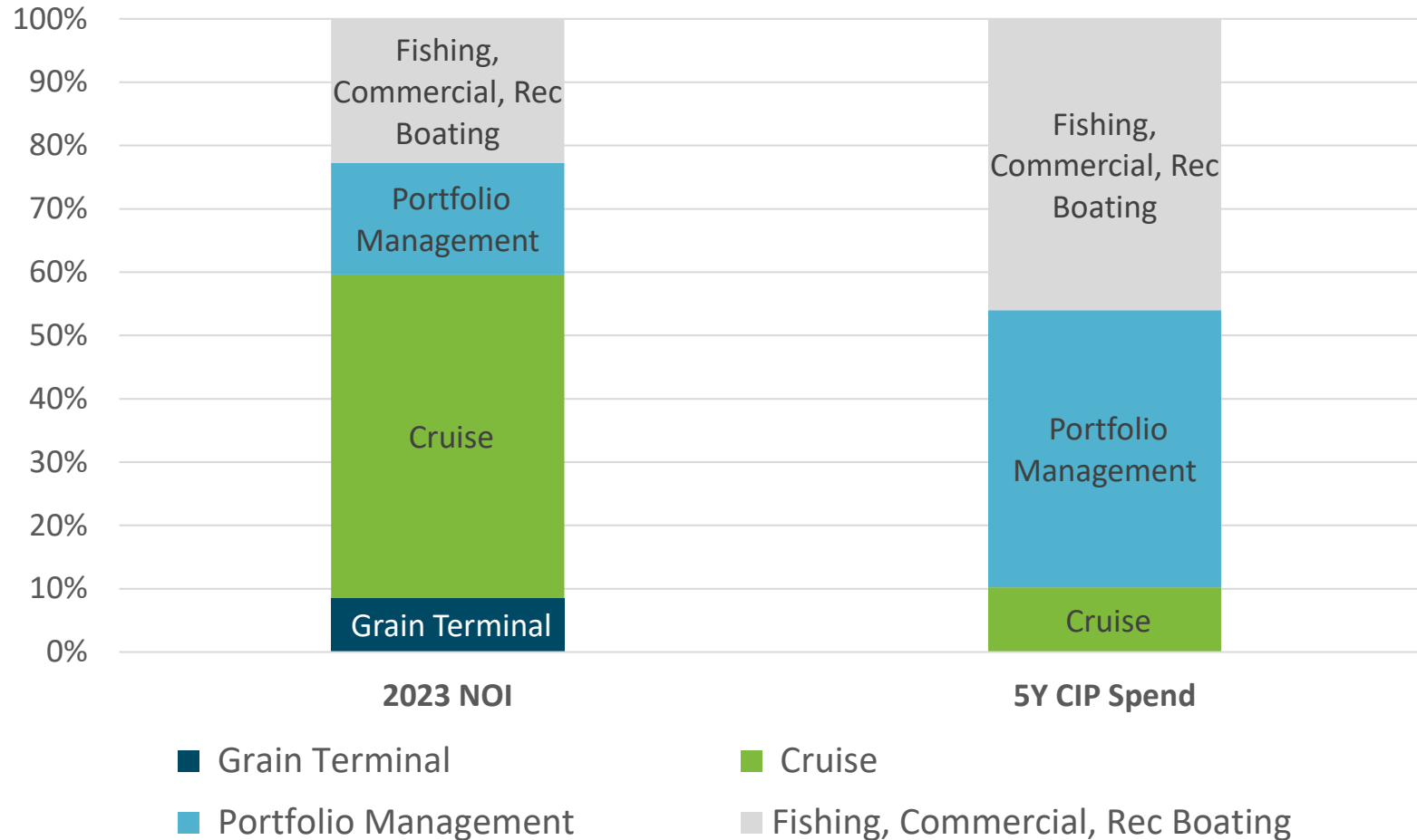
Project	2025	Total Project
P66 Shore Power	52	39,419
P66 Shore Power Extension	500	7,500
P66 Grand Staircase Replacement	360	7,984
P66 Fender Replacement	3,070	7,980
P66 New Cruise Passenger Gangway	475	6,250
Bell Street Bridge Refresh		5,815
P66 Retail HVAC Upgrade	4	5,231
Bell St Parking Garage Improvements	2,658	4,853
P66 Wave Break Cathodic Protec	1,250	3,950
Bell St Garage Elevator Mods	1,256	3,410
BHM Pile Wraps Cathodic Protection	1,586	3,145
P66 Public Access Mid-Apron	0.5	0.56
Total	11,212	95,538

5-Year Spend by Line of Business



*Environmental only – does not include environmental benefits of line of business projects (e.g. Cruise shore power). All projects evaluated under the Sustainable Evaluation Framework

Line of Business: Income & Capital Spend



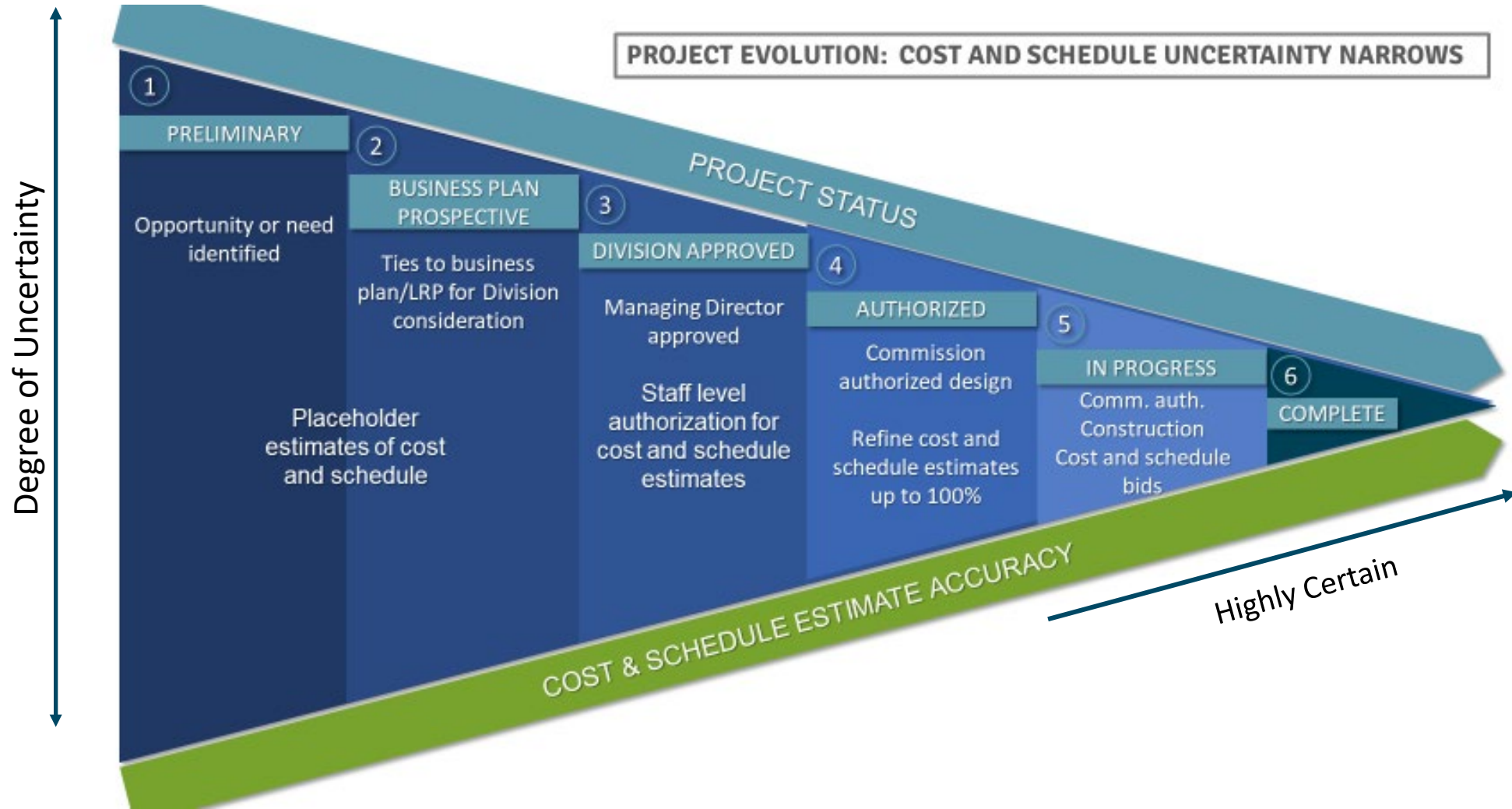
Cruise income supports other line of business capital investments.

- Cruise makes up nearly 50% of Maritime net operating income and accounts for approximately 10% of the 5-year CIP

Maritime Draft 2025 to 2029 CIP

Primary LOB		Project	2025	2026	2027	2028	2029	5Y Total	Previous 5Y Total	Project Total	
Large Projects >\$5 million	Cruise	P66 Shore Power	52					52	28,570	39,419	
		T91 Cruise Shore Pwr Extension	500	6,495	6,494			13,489	10,807	15,800	
		T91 New Cruise Gangway	6,402					6,402	8,779	9,008	
		P66 Fender Replacement	3,070					3,070	4,194	7,980	
		P66 Shore Power Extension	500	3,500	3,500			7,500	0	7,500	
		P66 New Cruise Passenger Gangway	475	5,745				6,220	6,000	6,250	
	Fishing, Commercial, and Rec Boating	T91 Berth 6 & 8 Redev	59,766	2,680					62,446	72,707	88,934
		FT NW Dock West Improvements	470	930	7,800	30,000	16,760		55,960	39,450	55,990
		FT S Wall CI Fndr Rp & Cor Prt					820		820	2,700	28,810
		P90/91 Dock Rehab	400	7,000	10,000	3,495			20,895	30,292	21,200
		FT W Wall N Fender Replacement				580	1,750		2,330	9,000	19,240
		Harbor Mooring Dolphins	40	120	7,800	10,500	513		18,973	17,460	19,000
		SaBM Docks A-C Roof Safety	220	3,629	9,833				13,682	4,000	14,000
		HIM Dock-E Improvements	2,070						2,070	3,934	5,350
	Portfolio Management	T91 Uplands Dev Phase I	3,700	81,577	14,675				99,952	77,000	105,300
		FT Maritime Innovation Center	22,675						22,675	22,674	33,336
		FT C15 Building Improvements	3,290	8,489	4,221				16,000	2,801	16,247
		MIC Electrical Replacements	9,640						9,640	6,695	12,408
		T91 Uplands Ph2 Infrastructure -Pad Rea	6,500	3,250					9,750	10,250	10,250
		P66 Grand Staircase Replacement	360	6,636	893				7,889	8,338	7,984
		Bell Street Bridge refresh		5	3,400	2,410			5,815	5,398	5,815
		P66 Retail HVAC Upgrade	4	219	2,485	2,463			5,171	6,199	5,231
	P69 Facilities	P69 Concrete Dock Rehab	450	16,545	21,990				38,985	26,900	39,000
		P69 HVAC System Modernization	900						900	7,974	39,000
		P69 Underdock Utility Rplc	5						5	200	5,443
	Environmental/Marine Maintenance/Parks/ Security	Waterfront Smart Meters	1,940	3,714	3,783	3,763			13,200	10,746	13,404
		MMSO Fleet & SWU Facility	1,200	9,918	9,918				21,036	0	21,036
		Maritime Video Camera Project	4,500	4,142					8,642	3,174	10,315
		Waterfront Fleet EV Infrastructure	930	4,171					5,101	4,772	5,300
Mid-Cap (\$300k-\$5M)		23,544	26,395	7,694	10,219	2,616	70,468	78,628			
Small (Less than \$300K)		5,522	440	500	500	500	7,462	9,969			
Fleet/Tech		4,050	6,350	3,465	950	1,785	16,600	20,228			
Reserves		699	6,528	8,645	8,311	8,260	32,443	71,953			
Total			163,874	208,478	127,096	73,191	33,004	605,643	611,792		

Capital Improvement Plan Status & Certainty



A few key large projects are approaching construction authorization

Projects by Status

								Previous 5Y		
Primary LOB		Project	2025	2026	2027	2028	2029	5Y Total	Total	Project Total
Large Projects >\$5 million	5 - Construction Authorized	T91 Berth 6 & 8 Redev	59,766	2,680				62,446	72,707	88,934
		P66 Shore Power	52					52	28,570	39,419
		FT Maritime Innovation Center	22,675					22,675	22,674	33,336
		T91 New Cruise Gangway	6,402					6,402	8,779	9,008
		P66 Fender Replacement	3,070					3,070	4,194	7,980
		P69 Underdock Utility Rplc	5					5	200	5,443
		HIM Dock-E Improvements	2,070					2,070	3,934	5,350
	4 - Design Authorized	T91 Uplands Dev Phase I	3,700	81,577	14,675			99,952	77,000	105,300
		T91 Cruise Shore Pwr Extension	500	6,495	6,494			13,489	10,807	15,800
		SaBM Docks A-C Roof Safety	220	3,629	9,833			13,682	4,000	14,000
		MIC Electrical Replacements	9,640					9,640	6,695	12,408
	3 - Division Approved	FT NW Dock West Improvements	470	930	7,800	30,000	16,760	55,960	39,450	55,990
		Harbor Mooring Dolphins	40	120	7,800	10,500	513	18,973	17,460	19,000
		FT C15 Building Improvements	3,290	8,489	4,221			16,000	2,801	16,247
		Waterfront Smart Meters	1,940	3,714	3,783	3,763		13,200	10,746	13,404
		Maritime Video Camera Project	4,500	4,142				8,642	3,174	10,315
		P66 Grand Staircase Replacement	360	6,636	893			7,889	8,338	7,984
		Waterfront Fleet EV Infrastructure	930	4,171				5,101	4,772	5,300
		P66 Retail HVAC Upgrade	4	219	2,485	2,463		5,171	6,199	5,231
	2 - Business Plan Approved	P69 Concrete Dock Rehab	450	16,545	21,990			38,985	26,900	39,000
		P69 HVAC System Modernization	900					900	7,974	39,000
		FT S Wall CI Fndr Rp & Cor Prt					820	820	2,700	28,810
		P90/91 Dock Rehab	400	7,000	10,000	3,495		20,895	30,292	21,200
		MMSO Fleet & SWU Facility	1,200	9,918	9,918			21,036	0	21,036
		FT W Wall N Fender Replacement				580	1,750	2,330	9,000	19,240
		T91 Uplands Ph2 Infrastructure -Pa	6,500	3,250				9,750	10,250	10,250
		P66 Shore Power Extension	500	3,500	3,500			7,500	0	7,500
P66 New Cruise Passenger Gangwa		475	5,745				6,220	6,000	6,250	
	Bell Street Bridge refresh		5	3,400	2,410		5,815	5,398	5,815	
Mid-Cap (\$300k-\$5M)		23,544	26,395	7,694	10,219	2,616	70,468	78,628		
Small (Less than \$300K)		5,522	440	500	500	500	7,462	9,969		
Fleet/Tech		4,050	6,350	3,465	950	1,785	16,600	20,228		
Reserves		699	6,528	8,645	8,311	8,260	32,443	71,953		
Total		163,874	208,478	127,096	73,191	33,004	605,643	611,792		

Notable Existing Projects

- T91 Uplands Development Phase I (\$105M)
- T91 Berths 6&8 Redevelopment (\$89M)
- FT NW Dock Improvements (\$56M)
- P66 Shore Power (\$39M)
- P69 Concrete Dock Rehab (\$39M)
- FT Maritime Innovation Center (\$33M)

New Projects Added to Draft CIP

- MMSO Fleet & SWU Facility (\$21M)*
- P66 Shore Power Extension (\$7.5M)
- Parks Amenities Duwamish Valley (\$3M)
- Bell Street Parking Garage Improvements (\$4.9M)
- T91 Dredge Berth M (\$4M)
- T91 Dredge Berth J&K (\$3.7)

*Considered in 2024 Capital Plan - replaces several smaller projects budgeted last year

Top Mid-Cap Projects – Project Cost

Fishing & Commercial:

- T91 Dredge Berth M: \$4M
- BHM Pile Wraps & Cathodic Protection: \$2.8M
- T91 Domestic Water Lines: \$1.9M
- FT Net Shed 10 & 11 Roof Overlay: \$1.2M
- P69 Shoreside Harbor Craft Charging: \$1.2M
- MIC West & Central Piers Resurfacing: \$1M

Cruise:

- P66 Wave Break Cathodic Protection: \$3.7M
- T91 Dredge Berth J/K: \$3.7M

Rec Boating:

- SBM G Dock Rehab: \$3.4M
- SBM Dock A Fixed Pier Rehab: \$3.4M
- SBM Office Reconfiguration: \$1.6M
- SBM Dock X Pier Replacement: \$1.5M
- SBM Lower A dock Improvements: \$1.5M

Portfolio Management:

- Bell St Parking Garage Improvements: \$4.7M
- WTC (Bell St) Garage Elevator Mods: \$3.3M
- T91 Path & Bike Bridge: \$1.1M
- FT Site Improvements: \$1.1M

Facilities:

- P69 Clerestory and Skylights: \$3M
- P69 Elevator Control Mod: \$2.4M

Environmental:

- T91 LED Lighting Upgrades: \$3.4M
- Shoreline Habitat Improvements: \$2.5M
- T5 SE Shoreline Restoration: \$1.9M
- Waterfront LED Lighting: \$1.5M

Over \$75 million planned in small & mid (up to \$5M projects) over the next 5 years



Key Projects Unfunded/Reallocated

- T46 North Pier Rehabilitation (\$65M)
 - T91 Commercial Fishing Shore Power Upgrades (\$28M)*
 - Strategic Opportunity Fund/Acquisition (\$25M)
 - P69 HVAC System (\$37M)
 - Completing pre-design/alternatives work, delaying major expenditures to 2030
 - Environmental Placeholders Converted to Projects (\$26M)
 - Several specific environmental projects have been added to the capital plan
 - P66 Terminal & Conference Center Envelope (\$10M)
 - CEM Access Road (\$10M)
 - P69 Shorepower (\$1.2M)*
- *Potential for grant funding – will revisit, if awarded

Future Capital Funding Factors

- NWSA projects currently funded first
- Future funding is affected by:
 - Net income
 - Continuation of level of tax levy
 - Environmental remediation liability payments
 - Level of other commitments, including community programs and regional transportation contributions
 - Emergent needs
- Capital Capacity is Constrained

Next Steps

- ↳ 2025 Tax Levy & Draft Plan of Finance Commission Briefing (10/22)
- ↳ 2025 Preliminary Budget Document Available to the Commission (10/22)
- ↳ 2025 Preliminary Budget Document Available to the Public (10/24)
- ↳ NWSA Budget Adoption by Managing Members (11/5)
- ↳ Introduction and Public Hearing of the 2025 Budget (11/12)
- ↳ Commission Approval of the 2025 ILA between POS and the NWSA (11/12)
- ↳ Adoption of the 2024 Budget (11/19)
- ↳ Filing of 2024 Statutory Budget with King County Council & Assessor (11/27)
- ↳ Release of 2024 Budget to the Public (12/6)

Appendix

2025 Preliminary Budget
Oct 8, 2024



Total Maritime

	2021	2022	2023	2024	2024	2025	Change from	
\$ in 000's	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	2024 Budget	\$ %
Ship Canal Fishing & Operations	4,240	4,592	5,076	4,984	5,084	5,596	612	12%
Elliott Bay Fishing & Commercial Operations	5,618	5,975	6,564	5,731	5,731	6,006	275	5%
Recreational Boating	12,851	13,978	15,505	16,468	16,568	18,273	1,805	11%
Cruise	9,517	30,469	41,726	41,057	43,057	49,977	8,921	22%
Grain	6,112	5,792	3,356	5,191	5,491	5,034	(157)	-3%
Conference & Event Centers	1,910	8,914	6,738	11,156	7,856	9,151	(2,005)	-18%
Leasing Portfolio	17,978	19,367	20,764	23,081	23,365	24,006	925	4%
Other	(401)	179	(80)	4	4	0	(4)	-100%
Total Revenue	57,826	89,265	99,648	107,671	107,155	118,043	10,371	10%
Expenses								
Total Direct	26,905	35,562	39,658	42,219	40,519	44,137	1,917	5%
Total Support Services	19,039	23,118	27,403	29,994	30,394	30,249	255	1%
Total Central Services / Other	19,230	22,975	26,707	27,958	28,456	30,957	2,999	11%
Total Expense	65,174	81,655	93,768	100,171	99,369	105,343	5,172	5%
NOI Before Depreciation	(7,348)	7,610	5,881	7,500	7,786	12,700	5,200	69%
Depreciation	21,923	22,314	22,314	21,549	21,549	21,427	(122)	-1%
NOI After Depreciation	(29,271)	(14,704)	(16,433)	(14,049)	(13,763)	(8,727)	5,322	38%
<i>Pension Credit Adjustment Impact</i>	<i>6,662</i>	<i>2,396</i>	<i>3,649</i>	<i>0</i>	<i>0</i>	<i>0</i>		

MD Admin

- ☐ **Expense Growth:**
- ☐ New Requests:
 - ☐ Resiliency Position
 - ☐ Travel for Alaska Industry tour, Green Marine International & Singapore Maritime week
- ☐ **Expense Decrease:**
 - ☐ Outside Services -removed Anti-Human Trafficking budget
 - ☐ Promotional Expense – removed Customer Holiday Luncheon budget

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B	% Var
Payroll	592	905	1,248	344	38%
Outside Service	83	51	31	(20)	(39%)
Other Expenses	528	162	202	40	26%
Total Expenses	896	1,118	1,481	363	33%

MD Planning

- ☐ **Expense Growth:**
 - ☐ Innovation Manager (Transfer from EDD)
- ☐ **Expense Decrease:**
 - ☐ Travel & Employee Expense – removed Registration and Lodging budget for WPPA conferences

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B	% Var
Payroll	350	580	1,069	489	84%
Outside Service	97	701	701	0	0%
Other Expenses	9	32	28	(4)	(12%)
Total Expenses	456	1,313	1,798	486	37%

P69 Facilities

- ❑ **Expense Growth:**
 - ❑ Outside Services – Increase in Janitorial Service costs & services
- ❑ **Expense Decrease**
 - ❑ Other Expenses
 - Equipment Expense – Removed budget for Office Space Furniture
 - General Expense – No budget for Postage & Delivery charges

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B	% Var
Payroll	526	612	613	1	0%
Outside Service	361	363	386	23	6%
Other Expenses	752	840	639	(201)	(24%)
Total Expenses	1,639	1,815	1,638	(177)	(10%)



2025 Equity in Budgeting

1. Did you have difficulty spending your budgeted equity dollars in 2024? And if so, why?
 - In 2024 Maritime budgets, equity dollars were focused on increasing WMBE utilization, community outreach and sponsorships that include workforce development.
 - Training and travel dollars for teams were added in to support continual employee development.
 - There was no difficulty spending our budgeted equity dollars.



2025 Equity in Budgeting

2. In your 2025 budget, how did your Division choose to prioritize equity programs with the available budget?

- At the division level, we prioritized equity programs by ensuring equitable opportunities for travel/training/development across all departments, and within individual departments, travel/training/development opportunities are distributed equitably amongst staff year over year.
- Additionally, we included several sponsorship opportunities for workforce development and teams added in funds to support workforce in the Maritime community.



2025 Equity in Budgeting

3. Additionally, is your Division implementing programs in an equitable way or plans to make programming more equitable, even if it's not directly associated with your budget or a budget request? If so, please explain.
 - No specific new programs – the Division supports equitable opportunities for travel/training/development across all departments, and within individual departments, travel/training/development opportunities are distributed equitably amongst staff year over year.



2025 Equity in Budgeting

3. How did you engage with staff and/or community during the 2025 budget process?

- In Maritime we regularly engage staff through our business planning and budget planning process to determine priorities for the coming year. We incorporated Change Team members into our business planning process to ensure we were reviewing our business plan with an equity lens. In regards to budgeting, several teams weigh into the budget process throughout the budget season.
- We partner with the community in a variety of ways to obtain feedback that contributes to our budgets each year and influences decisions



2025 Equity in Budgeting

4. What new items have you added related to Equity, Diversity, and Inclusion in your 2025 budget (new requests and baseline budget)?
 - New sponsorships to support Workforce Development – Raise the Sails for example. Training opportunities for staff who have not previously participated in travel/training opportunities.

Factors Driving Rate Study for 2025

- Primary alternative marina choices for SBM market audience based on:
 - Marina location
 - Marina size
 - Customer demographics
- Peer Marinas for SBM included: Elliot Bay, Anacortes, Cap Sante, Carillon Point, Des Moines, Edmonds, Everett N. Kirkland HP
- Other Recreational Marinas
 - Followed the same methodology and business fundamentals
 - HIM already at the top (100th percentile) of peer marinas
 - BHM adjust to (80th percentile) of peer slip size rates
 - FT Rec and Salmon Bay Marina adjust to peer average and capped

Stormwater Utilities Expenses

- ❑ Expense Growth
 - ❑ Payroll increases correspond to staff increases in 2024 and comp project increases.
 - ❑ Other expense increases are utilities, this is due to a change in accounting practice charging all Non-Tenant SWU charges to Org 8001. In prior years, these charges were included in property level Orgs. The projected 8% increase is applied. These numbers are preliminary.
- ❑ New Requests
 - ❑ Support for Industrial Stormwater Permit Transition - Net \$316,000 for two years. The total cost of this effort will be \$500,000.

In \$000s	2023 Actuals	2024 Budget	2025 Budget	24B v 25B
Payroll	528	711	749	38
Outside Service	361	488	803	315
Other Expenses	585	951	2,666	1,715
Total Expenses	1,474	2,150	4,218	2,068

Note: Other Expenses Reflect \$1.8M of utilities which will be allocated out.

Maritime SWU

	2022	2023	2024	2025	Change from 2024	
\$ in 000's	Actual	Actual	Budget	Proposed Budget	Variance \$	%
Revenue						
NWSA	4,321	4,113	4,249	5,231	982	23.1%
Tenants Revenue	829	1,078	1,790	1,147	(643)	-35.9%
Port Non-tenants Revenue	1,690	1,721	1,609	1,882	273	17.0%
Total Revenues	6,840	6,913	7,648	8,260	612	8.0%
Expenses						NA
SWU	1,523	1,515	1,592	2,336	(744)	-46.7%
Maintenance Expenses	3,121	4,010	4,834	4,958	(124)	-2.6%
Central Waterfront PM	32	18	50	41	9	17.6%
Environmental & Sustainability	27	33	66	45	22	32.7%
Environmental Finance	34	20	113	81	32	28.4%
Other	2,194	2,116	2,159	2,353	(194)	-9.0%
Total Expenses	6,930	7,711	8,815	9,814	(999)	-11.3%
NOI Before Depreciation	(90)	(799)	(1,167)	(1,554)	387	-33.2%
Depreciation	1,272	1,028	1,008	1,042	(34)	-3.4%
NOI After Depreciation	(1,362)	(1,827)	(2,175)	(2,596)	421	-19.4%

- ❑ SWU Revenue 8% increase
- ❑ Other expense increases are utilities, this is due to a change in accounting practice charging all Non-Tenant SWU charges to Org 8001. In prior years, these charges were included in property level Orgs. The projected 8% increase is applied. These numbers are preliminary.
- ❑ New Requests
 - ❑ Support for Industrial Stormwater Permit Transition - Net \$316,000 for two years.

The total cost of this effort will be \$500,000.

Updates on Major Projects Underway



In Construction



T91 Berths 6 & 8 Redevelopment

Scope:

- **Berth Reconstruction**
 - Removal of existing creosote piles from water column
 - Overall reduction of overwater coverage
 - Slope rehabilitation & stabilization
 - Concrete pile supported replacement pier
 - Boathouse and float reconfiguration
 - Upgraded Electrical Power Supply/ Distribution
- **Uplands Improvements**
 - Replacement of support office buildings (Port & Tenant)
 - Stormwater upgrades

Estimated Cost: \$92 million*

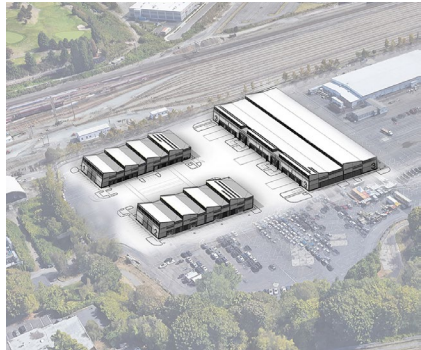
**Includes Stormwater and ERL components under the same authorization*

Schedule:

Q3 2024: Construction Authorization

Q2 2024: Construction Begin

Q4 2025: Construction Complete



Terminal 91 Uplands Development

Scope:

- Develop 120,000 square feet of industrial buildings to support maritime suppliers and manufacturers along with associated utility and site infrastructure,
- Preparation for future building construction and associated utility and site infrastructure,
- Demolition of three buildings, and
- Evaluation of existing utilities and services in support of current and future redevelopment.

Phase I Development: \$105 million

Phase II Site Improvements: \$10 million

Building Demolition: \$10 million (expense)

Schedule:

Q2 2025: PDB Team Selected / Contract Executed

Q2 2025 – Q3 2025: Validation Period

Q3 2025 – Q1 2026: Design Dev (final GMP, schedule, scope)

Q4 2025 – Q2 2027: Demolition & Construction



Maritime Innovation Center

Scope: restoration and modernization of the Port's historic Ship Supply Building into a Living Building Challenge-certified facility with advanced sustainability and resiliency features. The project will create 15,000 square feet of space offering an incubator and accelerator environment in support of maritime innovation. A related project will provide site improvements designed to enhance the experience of users and visitors of the Fishermen's Terminal facility.

Estimated Cost: \$32.9 million

Schedule:

Q3 2023: Design Complete

Q2 2024: Construction Begin

Q4 2025: Building – Tenant Improvements Begin



P66 Shore Power

Scope: Provide shore power connection for cruise ships while at berth at Pier 66's Bell Street Pier Cruise Terminal. Power to be provided across Terminal 46 via duct bank and then submarine cable in Elliott bay between terminals. Electrical equipment installed at the south end of Pier 66 will distribute the power to the cruise ship connection.

Estimated Cost: \$43 million*

**Includes approximately \$3.5M to be reimbursed by SCL*

Schedule:

Q3 2023: Construction Begins

Q3 2024: System in-use