Port of Seattle

2025 PRELIMINARY BUDGET



Port of Seattle®

2025 Budget

Prepared by the
Finance and Budget
Departments

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For the Fiscal Year Beginning

January 01, 2024

Christopher P. Morrill

Executive Director

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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 17, 2024

TO: Port of Seattle Commission

FROM: Stephen P. Metruck, Executive Director

SUBJECT: 2025 Budget Message

We proudly introduce the 2025 Port of Seattle budget and 2025-2029 capital improvement plan.

The annual budget and five-year capital plan are grounded in the Port's values and its 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.

This message comes at a time where the world is still defined by economic and geopolitical uncertainty. The Port is well positioned through its essential services, highly diversified business lines, and major capital investments as a powerful economic driver for the region and state. Especially within the context of global and local challenges, it is more important than ever that we make investments to build a port for the future.

Additionally, we approach this year's budget with a renewed commitment to building resiliency in our systems and a focus on investing in our people after the August 2024 cyberattack on the Port. We will come out of this incident a stronger organization. We are also dedicated to sharing our key learnings with others around the globe, as the growth of cyberattacks around the world will impact all industries.

Record Operations

As an organization, we are entrusted to run a leading international airport that moves people and cargo across the country and around the world. The total economic activity associated with Seattle-Tacoma International Airport (SEA) supports more than 151,000 regional jobs, and we take pride in the vital role these jobs play in our community.

The Port is deeply committed to working closely with our airport tenants and partners to ensure that the jobs at SEA are quality, family-wage positions that uplift our workforce and contribute to a thriving regional economy. This people-first approach is at the heart of our work as we continue to see strong demand for travel and trade in our region.

SEA experienced multiple record-breaking months for passenger travel and international arrivals, and we anticipate 2024 will surpass previous travel records set in 2019, all while celebrating the airport's 75th anniversary.

The Port's cruise terminals also saw close to record demand during the 25th season of sailing from Seattle to Alaska. Maritime industrial occupancies remain at all-time highs and maritime businesses returned higher revenue.

This continued demand, stemming from continued growth in our region, is something that the Port is mindful of as we consider our investments and capital projects moving forward. This ongoing growth not

only drives the Port's strategic investments and capital projects, ensuring we meet the region's needs while preparing for future challenges, but it also underscores the significant economic contributions of our operations.

For instance, the total economic impact of the Port's cruise operations is estimated to be nearly $900 million annually. More broadly, the Port supports 46,800 maritime-related jobs and contributes to a total of 198,200 jobs linked to its overall economic activity. This highlights the critical role the Port plays in driving regional employment and economic stability, even as we navigate global uncertainties and economic fluctuations.

Invest to Build the Port for the Future

All these factors support the Port's efforts to take a strategic approach as we build a port for the future. We are committed to **stronger systems and a safer tomorrow**, ensuring our infrastructure is more resilient and secure than ever as we rebuild back from the recent cyberattack. We will continue to invest boldly in our facilities and our people to ensure we can accommodate the increasing demand. We also are diving deep into creating a port that is resilient in the face of the world's complex challenges like decarbonization, both in aviation and maritime sectors.

In 2024, the Port Commission also signaled a commitment to building a port for the future through groundbreaking policies and orders, including becoming the first port in the United States to require all cruise ships homeported in Seattle to use shore power by 2027. Additionally, the Commission is leading the nation with the largest pilot program to repair and replace sound insulation for near-airport communities. The Commission is also working on providing additional transportation options to SEA for airport workers. In addition, we are following Washington state's lead in reducing employment barriers for potential Port employees, by eliminating unnecessary degree requirements. These investments and policy choices represent our focus on being a global leader in ways that benefit both the community and the economy by investing in equity-focused solutions to benefit people, job creation, and long-term sustainability, all while making our business lines more competitive and resilient.

We will not build a port of the future without continued strategic and ambitious investment in capital improvement projects. These projects ensure we can meet the demand of today, while also building facilities that are resilient for the future of the Port and the region. The 2025 –2029 five-year capital plan is forecasted at $5.5 billion across aviation and maritime facilities.

At SEA Airport, the five-year forecast of $4.8 billion is focused on investments in customer improvements to help SEA reach its "5 Star" airport customer service status. This includes major projects like the C Concourse Expansion, SEA Gateway improvements in the Main Terminal in partnership with Alaska Airlines, roadway improvements to the airport drives, baggage handling system upgrades, restroom improvements, and the S Concourse Evolution project. Teams are working to complete as many of these projects as possible prior to the 2026 FIFA World Cup, which will take place in Seattle and at sites around the United States, Canada, and Mexico.

The Port is also looking forward as the region is expected to grow by another million people in the next 10 years. At SEA, that means looking at passenger and air cargo facilities to accommodate that growth through the airport's Sustainable Airport Master Plan (SAMP). It recommends 31 near-term projects, including a new second terminal with 19 gates that will improve efficiency, safety, access to the airport, and facilities for our airline partners. The NEPA Environmental Assessment was released for comment in October of 2024 and a final NEPA document is anticipated in 2025.

Strategic maritime capital programs invest $605.6 million over the next five years in infrastructure, energy and sustainability, and technology. Projects preserve current critical assets, expand facility capacity,

support waterfront access and refurbishment, and bolster ongoing environmental initiatives in support of the Port's sustainability goals. Major projects include the extension of shore power at both Terminal 91 and Pier 66, the development of a Maritime Innovation Center at Fishermen's Terminal, uplands development and vessel berth replacements at Terminal 91, updates to docks at Fishermen's Terminal, and investments in the maritime motor vehicle fleet.

Finally, through the joint operating agreement with Port of Tacoma through the Northwest Seaport Alliance, the Port's container terminals are supporting jobs and economic activity across the state and region through the positioning of both Seattle and Tacoma harbors as a premier international shipping terminal on the West Coast.

Focus on Sustainability and Equity

The Port does all of that with an ambitious agenda to phase out emissions by 2040 through continued electrification of its fleet and facilities. On the horizon, as mentioned above, that includes all home ported cruise vessels utilizing shore power starting in the 2027 cruise season. All future long-term cruise agreements will also take greenhouse gas emissions and reduction efforts into account before approval. At the same time, the Port continues to make progress on the cruise-led Pacific Northwest to Alaska Green Corridor, exploration of alternative maritime and aviation fuels, and continued investments in habitat restoration and implementation. As we face the global impacts of climate change and historic transformations that are underway in the transition of fuels in our key industries, the Port will continue to lead the way in both policy, industry, and governmental advocacy.

Commitment to community investments that advance an equitable economy and support environmental justice also enters a new phase in 2025. This is led by the expansion of the South King County Community Impact Fund to more areas of King County, while still maintaining a focus on communities near the airport. Additionally, the Port will continue to focus on Diversity in Contracting programs and workforce development programs in both maritime and aviation sectors, including the Youth Maritime Career Launch.

Lastly, we continue to invest in well-trained and highly motivated staff. Their commitment and innovation are always on display, but it was never more evident as when the Port faced several challenges in 2024. We are grateful for our Port employees, and we continue to make investments to keep the Port a competitive and equitable employer to attract and retain the best talent.

The Port recognizes that it has a unique role in supporting our growing region, investing in programs and initiatives that create economic opportunity for all, and managing capital programs that center sustainability while creating a port for the future.

As we enter 2025 focused on continued momentum and centered on the Port's Century Agenda goals and the Commission's vision, we are committed to serving our region through building a resilient port for the future.

PORT BUSINESS OUTLOOK

- The Airport expects total passengers a 2.2 percent growth from 2024 forecast and 3.2 percent above pre-pandemic levels.
- Cruise forecasts a record 299 vessel sailings due to the addition of a new ship with 12 calls and 104 percent occupancy rate based on tentative berth reservations.
- Grain volume is budgeted at 3.5 million metric tons based on forecast from tenant, a 5.1 percent decrease from the 2024 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 2025, consistent with current results.

Below is a summary of the 2025 budget:

- Total operating revenues are budgeted at $1,117.4 million, $94.3 million or 9.2 percent above the 2024 budget.
- Total operating expenses are budgeted at $687.9 million, $70.5 million or 11.4 percent above the 2024 budget.
- Net operating income before depreciation is budgeted at $429.5 million; $23.8 million or 5.9 percent above the 2024 budget.
- The 2025 capital budget is $1,076.1 million, and the five-year capital improvement plan is $5.5 billion. The capital budget does not include $75.0 million of the Port's share of NWSA capital spending in 2025 and $210.0 million planned over 2025-2029.

2025 KEY INITIATIVES AND BUDGET DRIVERS

- Increase investment in the Duwamish Valley Equity Community Program (DVCEP) to strengthen capacity building and support for Green Jobs, educational tours, and community events.
- Continue to invest in economic development partnership grants to support business and economic activity in participating cities.
- Provide equitable access to port-related career pathways through initiatives like Maritime High School; Youth Maritime Career Launch Program; Construction Trades Pre-Apprenticeship program; and internships.
- Advance the goal of reducing greenhouse gas emissions through the installation of a third shore power connection at Pier 66.
- Collaborate with regional partners on Green Economy Feasibility study.
- Expand the Tourism Grants program and international tourism agreements to support sustainable and equitable tourism marketing partnerships.
- Promote local economic development and advance environmental justice through partnership grants available for cities in King County.
- Continue to invest in the training and development of our staff.
- Implement the childcare project to provide affordable, high-quality childcare for airport workers.
- Continue to advance equity goals through the addition of a Civil Rights Program Manager to oversee initiatives such as language access, anti-human trafficking, environmental justice program and events.
- Cultivate innovation initiatives to promote Port-wide collaboration.

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 2025.

SEA's passenger growth is projected to continue in 2024. Passenger volume is expected to be within 0.9% of pre-pandemic passenger levels by the end of 2024. For 2025, we anticipate a 2.2% growth in total passengers, which would bring SEA passenger traffic to 3.2% above pre-pandemic levels.

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. Portfolio Asset Management and P69 Facilities were moved from Economic Development Division to Maritime Division in the recent re-org.

Cruise activity is forecasted at 104 percent occupancy. Grain volume is expected to be 5.1 percent lower than the 2024 budget.

ECONOMIC DEVELOPMENT DIVISION

The Economic Development Division focuses on planning and developing the Port's real estate assets, promoting statewide tourism, economic development, and developing minority and women owned business opportunities.

The 2025 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 2025 net income is forecast to be $58.3 million, which is included as operating revenue in the Portwide financial statements. The home ports also share equally in NWSA capital investments; the Port's share is forecast to be $75.0 million for 2025 and $210.0 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 2025, operating revenues are budgeted at $1,117.4 million, a $94.3 million or 9.2 percent increase from the 2024 budget.

Operating expenses are budgeted at $687.9 million, a $70.5 million or 11.4 percent increase compared to the 2024 budget. Net operating income before depreciation is $429.5 million, a $23.8 million or 5.9 percent above the 2024 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, 2025 operating revenue is budgeted at $568.4 million, which is 9.2 percent higher than the 2024 budget mainly due to increased operating expenses and debt service.

On the Non-Aeronautical side, budgeted operating revenues are $365.6 million, a $32.9 million or 9.9 percent increase from the 2024 budget mainly driven by higher demand for Public Parking, Rental Cars, Airport Dining and Retail, and Clubs and Lounges due to a higher passenger forecast. Total operating

revenues are budgeted at $933.9 million, a 9.4 percent increase from 2024. Total operating expenses, including cost allocations from other divisions, are budgeted at $563.2 million, a 13.6 percent increase from 2024. Net operating income before depreciation is $370.7 million, a 3.7 percent increase from 2024.

MARITIME

The Maritime Division's operating revenues are budgeted at $118.1 million, a 9.7 percent increase from 2024 mainly due to higher revenues from Cruise Operations, Fishing & Operations, and Recreational Boating; partially offset by lower Grain revenue. Total operating expenses, including cost allocations from other divisions, are forecasted at $103.5 million, a 3.3 percent increase from 2024. Net operating income before depreciation is expected to be $14.7 million in 2025.

ECONOMIC DEVELOPMENT

The total operating expenses for Economic Development Division are budgeted at $9.1 million, a 14.6 percent increase from 2024. Ongoing key budget initiatives in 2025 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 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 $196.1 million, a $15.1 million or 8.3 percent increase from the 2024 budget.

CAPITAL BUDGET

The Port's capital budget is $1.1 billion for 2025 and the five-year capital improvement plan is $5.5 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 $921.0 million for 2025 and the five-year capital improvement plan is $4.8 billion. Major projects include the C Concourse Expansion, SEA Gateway improvements in the Main Terminal in partnership with Alaska Airlines, Roadway Improvements to the airport drives, baggage optimization, restroom improvements, and the S Concourse Evolution project. The total five-year includes $245.5 million for SAMP preliminary planning/design plan but does not include future SAMP projects.

The total 2025 capital budget is $155.1 million for Maritime, Stormwater Utility, legacy projects associated with facilities licensed to the NWSA and Central Services, and the five-year capital plan is $713.6 million. Major capital projects include 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 $75.0 million in 2025 and $210.0 million over the next five years.

TAX LEVY

The 2025 tax levy is budgeted at $88.4 million, a 2.0 percent increase from the 2024 levy of $86.7 million. Based on preliminary King County assessed valuation, the 2025 estimated millage rate is $0.103, slightly lower than the $0.106 in 2024. 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 and 2024. The 2025 levy is currently under review and may change for the final budget.

2025 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 $1.5 billion, which includes $1,117.4 million of operating revenues and $377.2 million of non-operating revenues.
- Total sources of funds are forecast to be $2.3 billion, with an estimated $750.0 million of expected proceeds in 2025 from sale of bonds.
- Operating revenues are budgeted at $1,117.4 million, a $94.3 million or 9.2 percent increase from the 2023 budget.
  - The $568.4 million of Aeronautical revenues are based on cost recovery.
  - Airport Non-Aeronautical revenues are budgeted to be $332.9 million, a $32.9 million or 9.9 percent increase from the 2024 budget mainly driven by higher demand for Public Parking, Rental Cars, Airport Dining and Retail, and Clubs and Lounges due to a higher passenger forecast.
  - Non-Airport revenues are projected to be $183.5 million, a $13.7 million or 7.5 percent increase from the 2024 budget due mainly to higher revenue from Cruise and NWSA Distributable Income.
- Total expenses are budgeted at $1,173.2 million, which includes:
  - $687.9 million of operating expenses.
  - $258.0 million of depreciation expenses.
  - $227.3 million of non-operating expenses, the majority of which are comprised of interest payments on outstanding bonds.
- Operating expenses are up $70.5 million, or 11.4 percent from the 2024 budget mainly due to:
  - Pay increases for represented and non-represented employees.
  - Annualized new Full Time Equivalent Employees (FTEs) in the 2024 budget.
  - Added new FTEs for 2025.
  - Added resources for customer service and safety & security for the travelling public.
  - Increased maintenance costs for new facilities and higher utilities cost.
  - Increases in insurance premiums and other contractual costs.
- The 2025 operating budget includes:
  - $19.5 million in expenditures for environmental stewardship.
  - $2.0 million added to enhance customer service at SEA.
  - $4.9 million for Workforce Development to support regional Port-related job-training programs.
  - $2.4 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.
  - $2.6 million for the Office of Equity, Diversity, and Inclusion.
- Net operating income before depreciation is $429.5 million, a $23.8 million or 5.9 percent increase from the 2024 budget.
- Net operating income after depreciation is $171.5 million, a $15.9 million or 10.2 percent lower than the 2024 budget.

TABLE I-1: 2025 BUDGET SUMMARY

COMPREHENSIVE BUDGET ($ in 000's)	Notes	Aviation	Non-Aviation	Total
Revenues				
1. Aeronautical Revenues		$ 568,372		$ 568,372
2. Other Operating Revenues	1)	365,570	183,476	549,047
Total Operating Revenues		**933,942**	**183,476**	**1,117,418**
Non-Operating Revenues				
3. 3. Tax Levy		761	87,629	88,390
4. 4. PFCs		100,944	-	100,944
5. 5. CFCs		25,057	-	25,057
6. 6. Fuel Hydrant		6,985	-	6,985
7. 7. Non-Capital Grants and Donations		3,799	26,085	29,884
8. 8. Capital Contributions		53,329	-	53,329
9. 9. Interest Income		63,203	9,428	72,631
Total Non-Operating Revenues		**254,078**	**123,142**	**377,219**
Revenues		**1,188,019**	**306,618**	**1,494,637**
Expenses				
1. 1. O&M Expense		563,235	124,675	687,910
2. 2. Depreciation		215,527	42,439	257,967
Non-Operating Expenses				
3. Revenue Bond Interest Expense		179,945	2,960	182,905
4. GO Bond Interest Expense		-	15,323	15,323
5. Non-Op Environmental Expense		-	14,800	14,800
6. Public Expense		5,412	2,185	7,597
7. Other Non-Op Rev/Expense		284	6,420	6,705
Total Non-Operating Expenses		**185,642**	**41,688**	**227,330**
Total Expenses		**964,404**	**208,802**	**1,173,206**
Revenues over Expenses		**223,615**	**97,816**	**321,431**
Change in Net Assets		**223,615**	**97,816**	**321,431**

CAPITAL BUDGET	2)	Aviation	Non-Aviation	Total
2025 Capital		$ 920,989	$ 155,090	$ 1,076,079
5-Year CIP (2025-2029)		4,753,752	713,631	5,467,383

EMPLOYEES	Aviation	Non-Aviation	Total
Aviation	1,381.4		1381.4
Maritime		321.5	321.5
Economic Development		18.0	18.0
Central Services		976.8	976.8
Total	**1381.4**	**1316.3**	**2697.6**

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Notes:
1) Other operating revenues for Non-Aviation include $58.3 million NWSA Distributable Revenue.
2) The Capital Budget does not include $75.0 million of the Port's share of NWSA capital spending in 2025 nor $210. million of the 5-year CIP over 2025-2029.

TABLE I-2: CASH FLOW SUMMARY

($ in 000's)		2025	Percent of Total
Beginning balance of cash & investments		**2,025,796**	
SOURCES OF CASH			
Operating Revenues without NWSA		1,059,085	46.8%
NWSA Distributable Cash		72,796	3.2%
Interest Receipts		72,631	3.2%
Proceeds from Bond Issues		750,000	33.2%
Grants and Capital Contributions		83,213	3.7%
Tax Levy		88,390	3.9%
Passenger Facility Charges		100,944	4.5%
Rental Car Customer Facility Charges		25,057	1.1%
Fuel Hydrant Receipts		6,985	0.3%
Other Receipts		1,699	0.1%
Total		**2,260,800**	**100%**
Anticipated available funds		**4,286,597**	
USES OF CASH			
Expenses from Operations:			
Total Operating Expenses		687,910	29.5%
Debt Service:			
Interest Payments	224,114		9.6%
Bond Redemptions	235,468		10.1%
Total Debt Service		459,582	19.7%
Other Expenses		23,204	1.0%
Public Expense		7,597	0.3%
Payment to NWSA for Capital Expenditures		75,039	3.2%
Capital Expenditures		1,076,079	46.2%
Total		**2,329,411**	**100%**
Ending balance of cash & investments		**1,957,186**	
Increase (decrease) of cash during year		**(68,610)**	

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

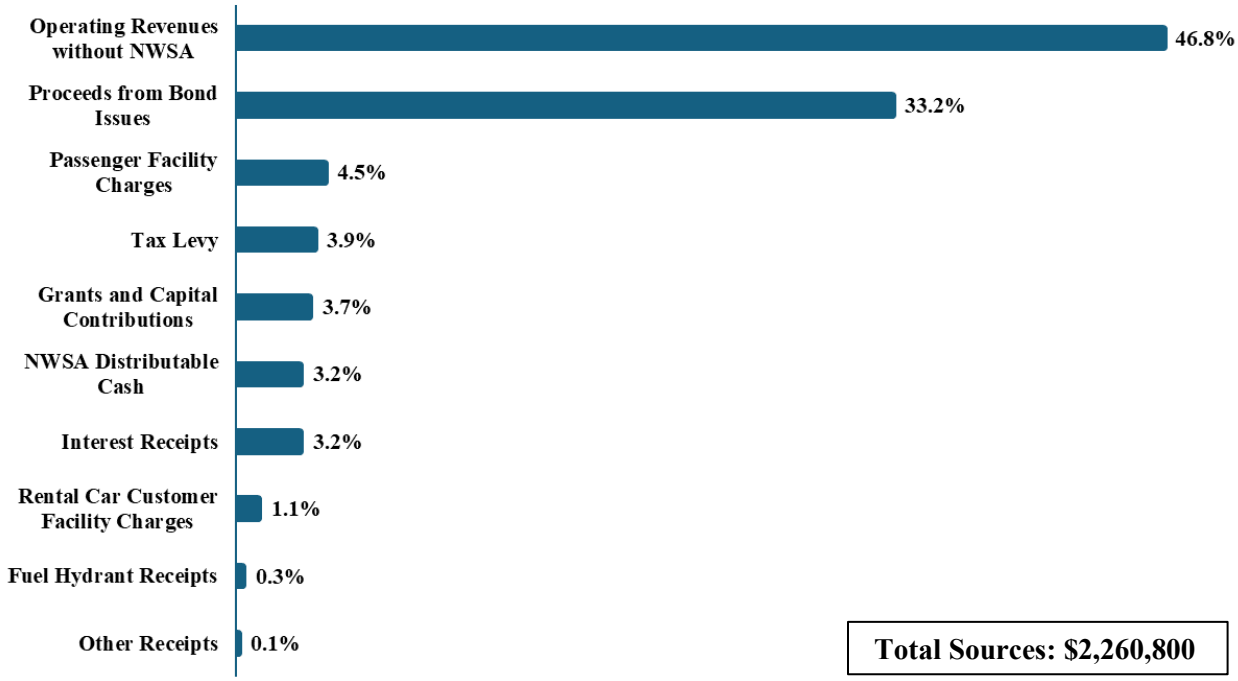
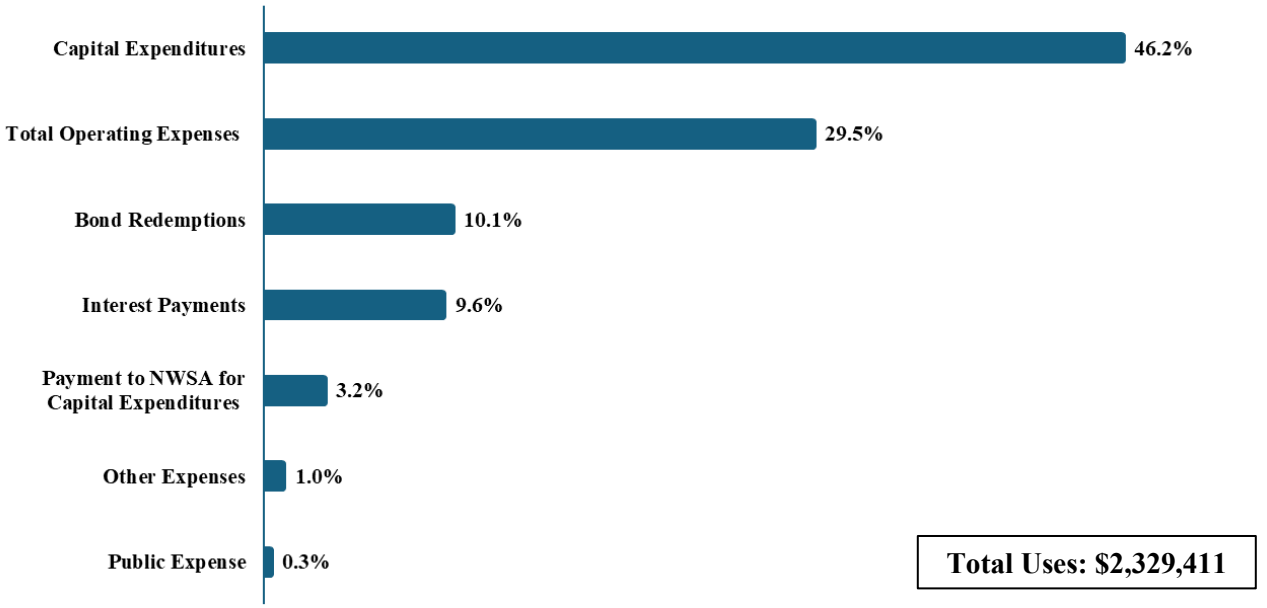


FIGURE I-2: USES OF CASH
($ in 000's)



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 11th busiest U.S. airport as measured by passenger volume in 2023 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

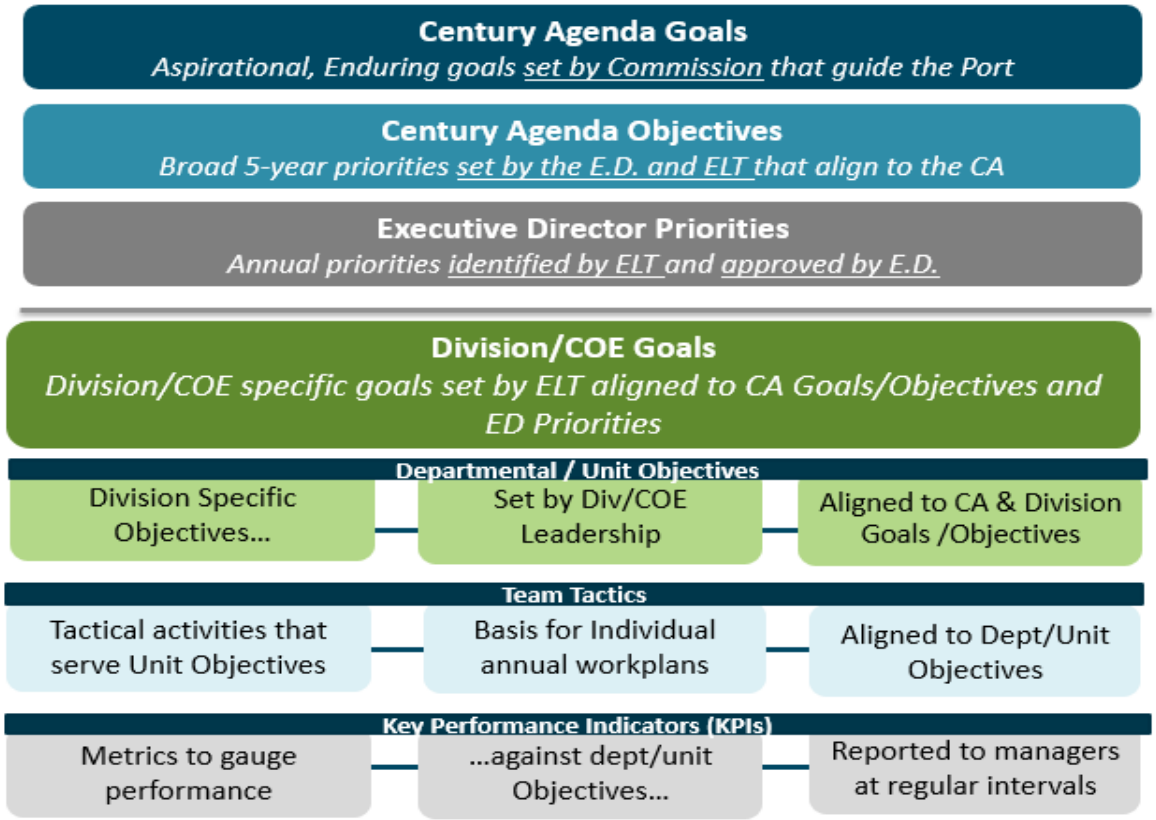
Port-wide Strategic Alignment under the Century Agenda

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:

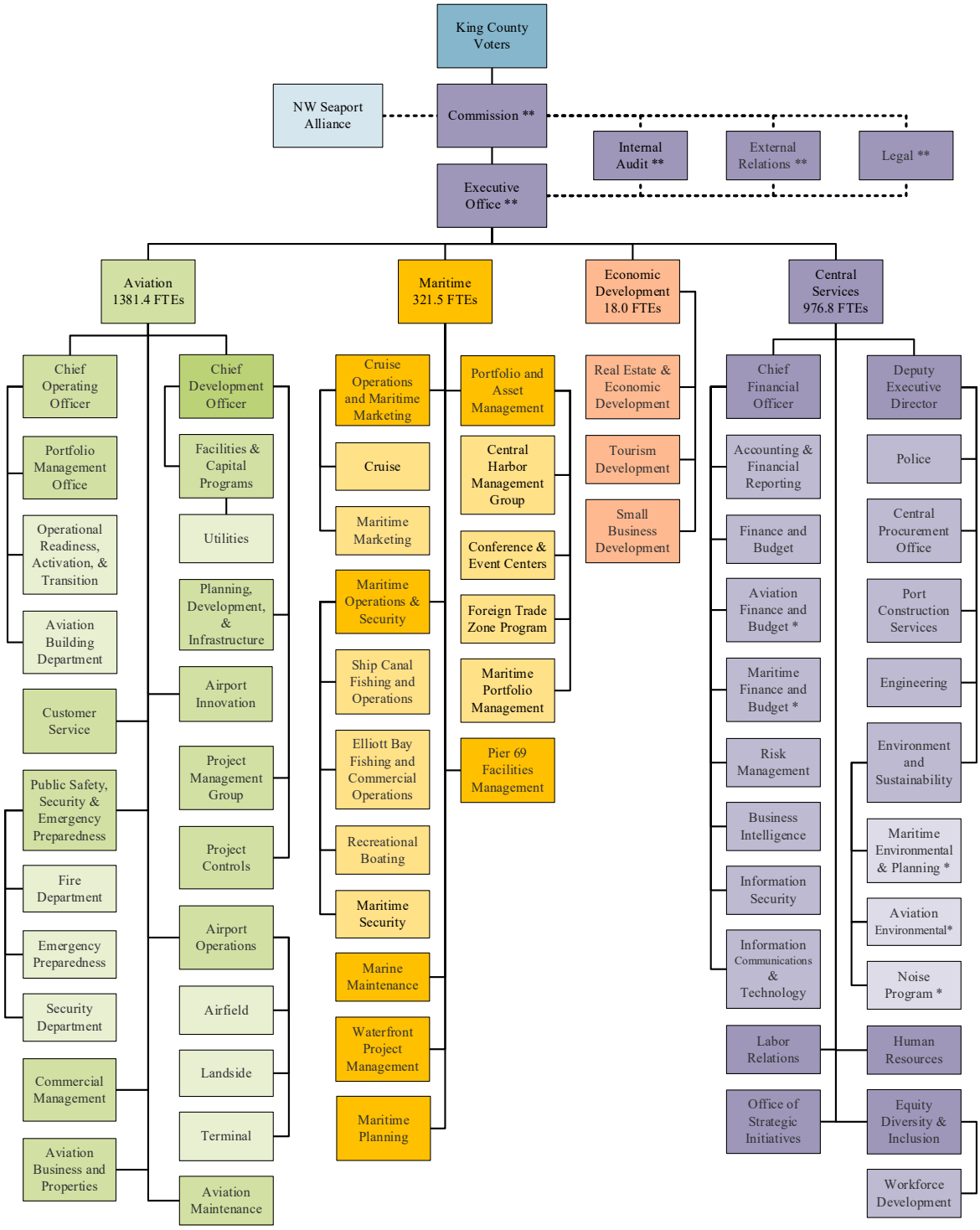
Hamdi Mohamed, President
Toshiko Grace Hasegawa, Vice President
Ryan Calkins, Commissioner
Sam Cho, Commissioner
Fred Felleman, Commissioner

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
Kyra Lise, Interim Managing Director, Economic Development Division
Lance Lyttle, Managing Director, Aviation Division
Mikel O'Brien, Sr. Director, Labor Relations
Pete Ramels, General Counsel & Chief Compliance Officer
Kathy Roeder, Chief of Staff
Dan Thomas, Chief Financial Officer

F. ORGANIZATION CHART

FIGURE II-3: ORGANIZATION CHART



* Reporting structure only. Financials and FTEs counted in the respective division being supported.
** For reporting purposes only. Commission, Executive Office, Internal Audit, External Relations, and Legal financials and FTEs 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)		2022	2023	2024	2025	2026	2027	2028	2029	2025-2029
OPERATING BUDGET	**Notes**	**Actual**	**Actual**	**Budget**	**Proposed Budget**	**Forecast**				**Compound Growth**
Aeronautical Revenue		$ 402,540	$ 479,697	$ 520,600	$ 568,372	$ 681,290	$ 788,739	$ 845,504	$ 907,886	12.4%
Airport Non-Aero Revenues		256,613	326,592	332,713	365,570	385,495	419,572	438,226	443,687	5.0%
Non-Aiport Revenues	1) & 2)	95,624	105,306	112,604	125,144	133,029	139,003	145,905	152,495	5.1%
NWSA Distributable Revenue		55,353	57,685	57,154	58,333	56,109	57,616	57,973	56,042	-1.0%
Total Operating Revenues		**810,130**	**969,281**	**1,023,071**	**1,117,418**	**1,255,923**	**1,404,929**	**1,487,609**	**1,560,110**	**8.7%**
Total O&M Expenses w/o Pension Credit		**491,377**	**579,607**	**617,406**	**687,910**	**$ 746,250**	**$ 788,872**	**$ 835,693**	**$ 882,134**	**6.4%**
DRS Pension Credit		(15,638)	(28,709)	-	-	-	-	-	-	NA
Total O&M Expenses with Pension Credit		**475,739**	**550,899**	**617,406**	**687,910**	**746,250**	**788,872**	**835,693**	**882,134**	**6.4%**
NOI Before Depreciation (with Pension Credit)		**334,390**	**418,382**	**405,665**	**429,508**	**509,673**	**616,057**	**651,916**	**677,976**	**12.1%**
Total Depreciation Expense		232,236	256,740	250,025	257,967					
NOI After Depreciation (with Pension Credit)		**$ 102,155**	**$ 161,642**	**$ 155,640**	**$ 171,542**					
										Total 2025-2029
Total Capital Budget	3)	**$ 339,590**	**$481,068**	**$ 842,665**	**$1,076,079**	**$1,286,554**	**$1,177,809**	**$1,021,789**	**$905,152**	**$5,467,383**

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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 2025 budget comprises of Total Operating Revenues of $1,117.4 million and Total Operating Expenses of $687.9 million. Net Operating Income Before Depreciation calculates to $429.5 million. Net Operating Income After Depreciation is budgeted at $171.5 million.

- Aviation Division's Operating Revenues are $933.9 million, a $80.6 million or 9.4% increase from 2024 budget. Total Operating Expenses are budgeted at $563.2 million. This represents a $67.5 million or 9.4% increase compared to the 2024 budget. Net Operating Income Before Depreciation is $370.7 million.
- Maritime Division's Operating Revenues are $118.1, a $10.4 million or 9.7% increase from 2024 budget. Total Operating Expenses are $103.5 million, a $3.3 million or 3.3% increase from 2024 budget. Net Operating Income Before Depreciation is $14.7 million.
- Total Operating Expenses for Economic Development Division are $9.1 million, a $1.2 million or 14.6% increase from 2024 budget.
- Total Operating Expenses for Central Services are $196.4 million, a $15.5 million or 8.5% increase from 2024 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 $58.3 million, which is included as Operating Revenue in the Port-wide financial statements.

The 2025 budget for Non-Operating Revenues are $377.2 million while Non-Operating Expenses are $227.3 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) Notes	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 Forecast	2025 Proposed Budget
Total Operating Revenue	**622,020**	**810,130**	**969,281**	**1,023,071**	**1,047,447**	**1,117,418**
Total Operating Expenses w/o Pension Credit	**422,372**	**491,377**	**579,607**	**617,406**	**623,689**	**687,910**
DRS Pension Credit	(57,716)	(15,638)	(28,709)	-	-	-
Total Operating Expenses with Pension Credit	**364,656**	**475,739**	**550,899**	**617,406**	**623,689**	**687,910**
Net Operating Income Before Depreciation (with Pension Credit)	**257,364**	**334,390**	**418,382**	**405,665**	**423,758**	**429,508**
DEPRECIATION	**190,683**	**232,236**	**256,740**	**250,025**	**250,025**	**257,967**
OPERATING INCOME	**66,681**	**102,155**	**161,642**	**155,640**	**173,733**	**171,542**
NON-OPERATING INCOME (EXPENSE):						
Ad valorem tax levy revenues	78,311	80,785	82,313	86,665	86,665	88,390
Passenger facility charges revenues	72,845	88,284	95,681	99,886	99,886	100,944
Customer facility charges revenues	24,271	24,461	24,657	24,899	24,899	25,057
Fuel hydrant facility revenues	7,010	7,451	6,681	6,996	6,996	6,985
Non capital grants and donations	105,988	156,546	21,906	5,907	5,907	29,884
Investment income (loss)	(5,386)	(50,735)	94,541	64,541	64,541	72,631
Revenue bonds interest expense	(132,925)	(140,838)	(146,686)	(162,463)	(162,463)	(182,905)
Passenger facility charges revenue bonds interest expense	(1,041)	-	-	-	-	-
General obligation bonds interest expense	(11,004)	(11,877)	(10,162)	(15,819)	(15,819)	(15,323)
Public expense	(9,769)	(8,282)	(20,869)	(27,020)	(27,020)	(7,597)
Non-op environmental expense	(7,495)	(1,296)	(10,056)	(14,800)	(14,800)	(14,800)
Other income (expense)	(20,160)	(61,271)	(3,658)	(4,459)	(4,459)	(6,705)
Total Non-Operating Income (Expense)	**100,646**	**83,229**	**134,348**	**64,333**	**64,333**	**96,560**
INCOME BEFORE CAPITAL CONTRIBUTIONS	**167,327**	**185,384**	**295,990**	**219,973**	**238,065**	**268,102**
CAPITAL CONTRIBUTIONS	**47,632**	**38,116**	**36,309**	**63,421**	**44,377**	**53,329**
INCOME BEFORE SPECIAL ITEM	**$ 214,959**	**$ 223,500**	**$ 332,299**	**$ 283,394**	**282,443**	**$ 321,431**
SPECIAL ITEM - SR 99 Viaduct Expense	**(34,907)**	-	-	-		-
INCREASE IN NET POSITION	**$ 180,053**	**$ 223,500**	**$ 332,299**	**$ 283,394**	**$ 282,443**	**$ 321,431**
EMPLOYMENT (FTEs)	**2,411.8**	**2462.5**	**2535.3**	**2595.3**	**2595.3**	**2632.3**

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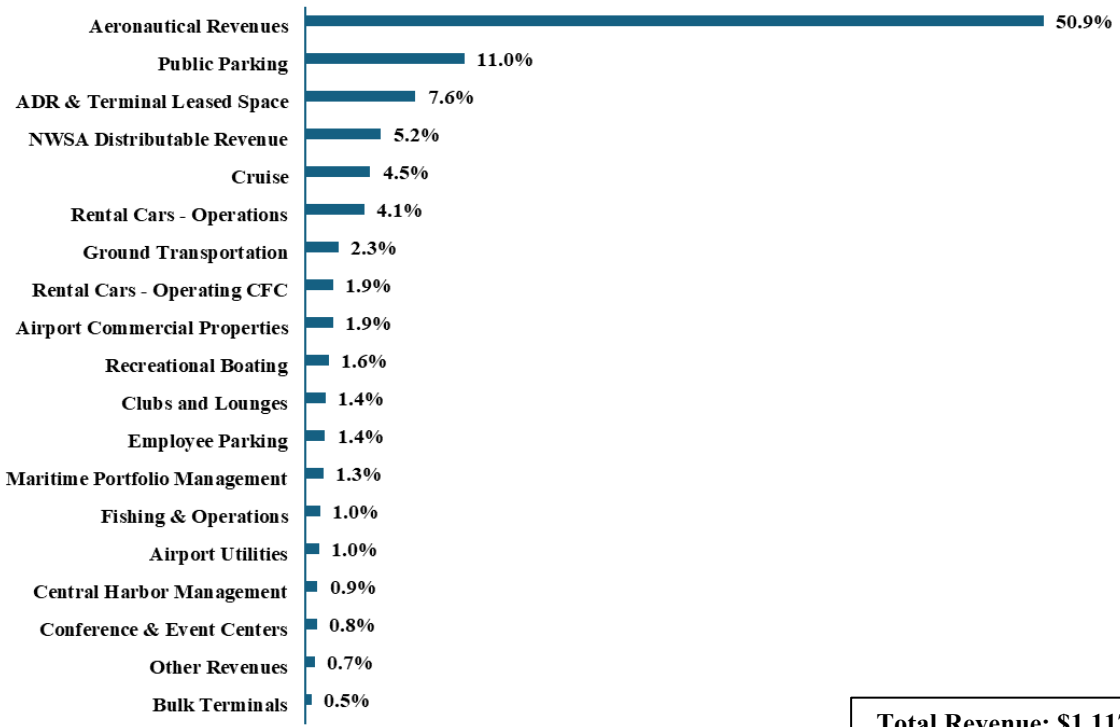
TABLE III-3: REVENUES BY MAJOR BUSINESSES

($ in 000's) Revenue by Major Businesses	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Revenue						
Aeronautical Revenues		$ 402,540	$ 479,697	$ 520,600	$ 568,372	9.2%
Public Parking		88,899	110,990	111,036	122,956	10.7%
Rental Cars - Operations		44,302	46,506	42,201	45,573	8.0%
Rental Cars - Operating CFC		12,171	16,954	19,399	21,624	11.5%
ADR & Terminal Leased Space		43,107	74,246	78,088	85,131	9.0%
Ground Transportation		20,804	24,878	25,333	25,962	2.5%
Employee Parking		10,645	10,574	11,656	15,350	31.7%
Airport Commercial Properties		16,747	20,370	20,496	21,574	5.3%
Airport Utilities		7,943	8,666	10,089	10,870	7.7%
Clubs and Lounges		8,688	11,710	12,024	15,868	32.0%
Cruise		30,469	41,726	41,057	50,037	21.9%
Recreational Boating		13,978	15,505	16,468	18,273	11.0%
Fishing & Operations		10,566	11,640	10,715	11,610	8.4%
Bulk Terminals		5,792	3,356	5,191	5,034	-3.0%
Maritime Portfolio Management		10,550	10,263	12,697	14,212	11.9%
Central Harbor Management		8,791	10,465	10,363	9,779	-5.6%
Conference & Event Centers		8,914	6,738	11,156	9,151	-18.0%
NWSA Distributable Revenue		55,353	57,685	57,154	58,333	2.1%
Other Revenues		9,870	7,311	7,348	7,708	4.9%
Total Operating Revenue		**$ 810,130**	**$ 969,281**	**$1,023,071**	**$1,117,418**	**9.2%**

TABLE4.xlsx

FIGURE III-1: REVENUES BY MAJOR BUSINESSES

($ in 000's)



Total Revenue: $1,117,418

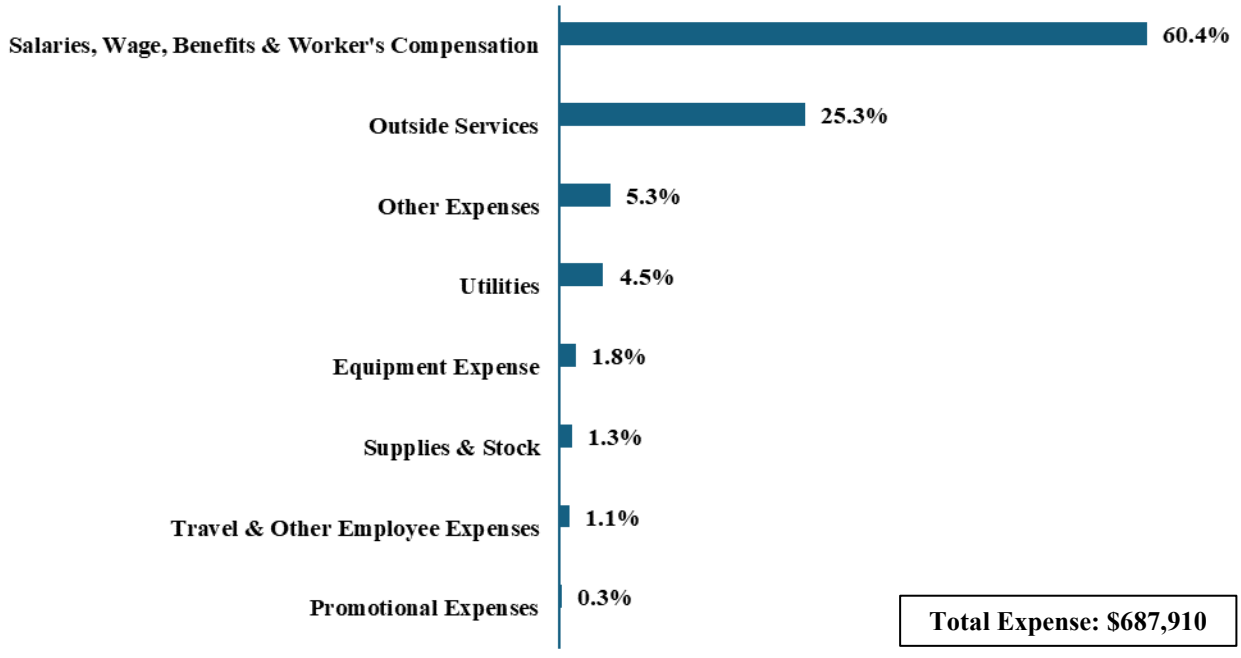
TABLE III-4: EXPENSES BY MAJOR ACCOUNTS

($ in 000's) Expense by Account	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Expense						
Salaries, Wage, Benefits & Worker's Compensation		$ 336,882	$ 391,419	$ 433,520	$ 474,193	9.4%
Equipment Expense		12,477	12,624	11,637	13,751	18.2%
Utilities		31,202	31,226	32,604	35,622	9.3%
Supplies & Stock		11,549	12,955	9,290	10,432	12.3%
Outside Services		116,790	139,389	187,740	198,258	5.6%
Travel & Other Employee Expenses		4,400	5,511	8,095	8,679	7.2%
Promotional Expenses		2,439	2,729	3,305	2,534	-23.3%
Other Expenses		29,976	32,815	33,373	41,421	24.1%
Total O&M without Environmental		**545,716**	**628,668**	**719,564**	**784,890**	**9.1%**
Enivormental Remediation Liablity Expense		(540)	17,243	157	639	307.0%
Total O&M with Environmental		**545,175**	**645,911**	**719,721**	**785,529**	**9.1%**
Charges to Capital/Govt/Envrs Projects		(53,798)	(66,304)	(102,315)	(97,619)	-4.6%
Total O&M Expenses w/o Pension Credit		**491,377**	**579,607**	**617,406**	**687,910**	**11.4%**
DRS Pension Credit		(15,638)	(28,709)	-	-	NA
Total O&M Expenses with Pension Credit	1)	**$ 475,739**	**$ 550,899**	**$ 617,406**	**$ 687,910**	**11.4%**

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 2025 budget strategies included carefully reassessing staffing needs to meet projected increases in business activity and instituting a 5.0% cost of living adjustment and 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 2025 Full-Time-Equivalent (FTE) proposed budget is 2,697.6, an increase of 3.9% compared to the 2024 budget.

Major staffing changes are outlined below:

- Aviation division added 6.0 mid-year FTEs, transferred 1.0 FTE to Central Services, and made a 4.1 FTE adjustment earlier this year. Aviation's 2025 proposed FTE budget is 1,381.4, an increase of 5.0% compared to 2024. This proposed budget includes 64.4 new FTEs to support strategic functions and achieve key initiatives.

- Maritime's 2025 proposed FTE budget is 321.5, an 8.4% increase over 2024. This number includes 19.0 FTEs transferred from Economic Development and 6.0 new FTEs to support environmental initiatives, cruise, and operational needs.

- Economic Development's 2025 proposed FTE budget is 18.0. Economic Development transferred 19.0 FTEs to Maritime division.

- Central Services added 1.0 FTE transferred from Aviation earlier this year. Central Service's 2025 proposed FTE budget is 976.8, a 3.3% increase over 2024 budget. The 2025 proposed budget includes 34.0 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.

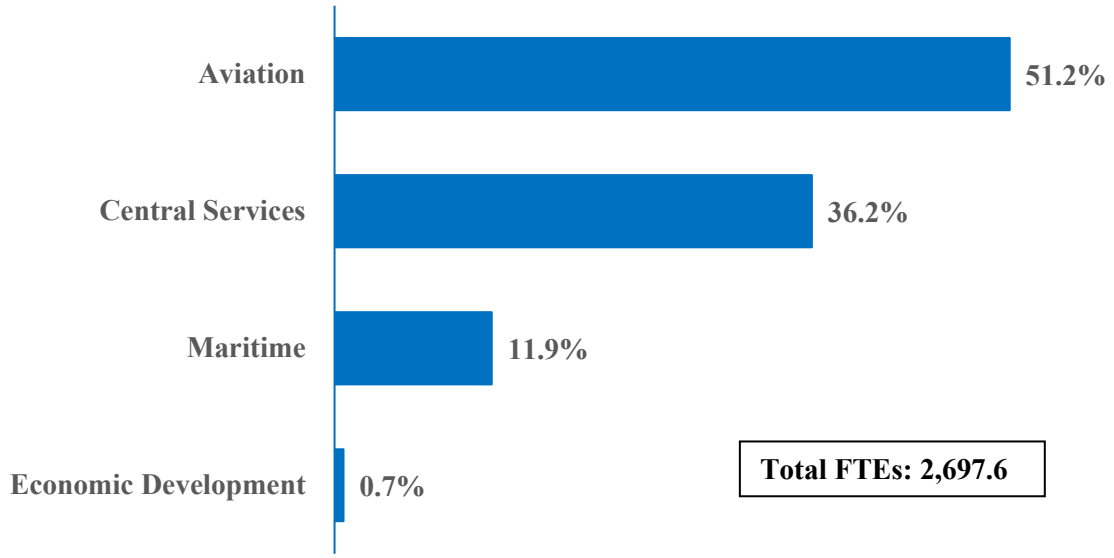
More staffing information is provided in the Aviation, Maritime, Economic Development, and Central Services sections of this document (Sections IV to VII).

TABLE III-5: PORT STAFFING BY DIVISION

PORT STAFFING (Full-Time Equivalent Positions) Division	2022 Actual	2023 Actual	2024 Budget	2024 Est. Act.	2025 Proposed Budget	# Change 2024 Bud-2025 Bud	% Change 2024 Bud-2025 Bud
Aviation	1,247.9	1,277.0	1,316.0	1,317.0	1,381.4	65.3	5.0%
Maritime	277.5	291.5	296.5	315.5	321.5	25.0	8.4%
Economic Development	35.0	37.0	37.0	18.0	18.0	-19.0	-51.4%
Central Services	902.1	929.7	945.8	946.8	976.8	31.0	3.3%
Total FTE's	**2,462.5**	**2,535.3**	**2,595.3**	**2,597.2**	**2,697.6**	**102.3**	**3.9%**

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 2025 capital budget is $1.1 billion, and the five-year capital improvement plan (CIP) is $5.5 billion.

The 2025-2029 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

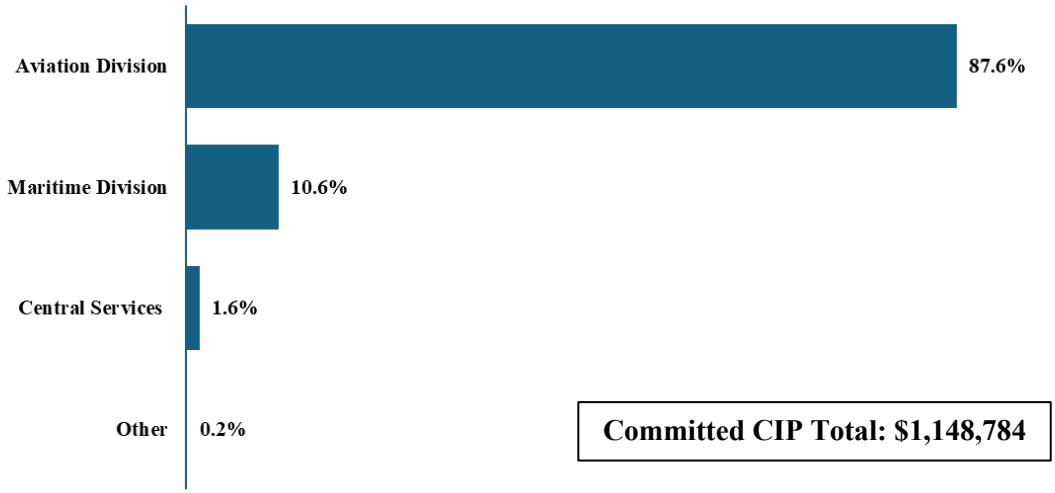
($ in 000's)	Notes	2025 Budget	2025-2029 CIP	% of 2025 Total Committed
Committed Capital Projects	1)			
Aviation Division		$ 1,006,396	$ 3,098,317	87.6%
Maritime Division		121,850	255,838	10.6%
Central Services		18,332	26,962	1.6%
Other	2)	2,206	28,557	0.2%
Total Committed		**$ 1,148,784**	**$ 3,409,674**	**100.0%**
Business Plan Prospective Projects		**$ 137,425**	**$ 2,057,709**	
CIP Cashflow Adjustment Reserve		**$ (210,131)**	**$ 0**	
Total CIP		**$ 1,076,079**	**$ 5,467,383**	

CAPSUM.xslx

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

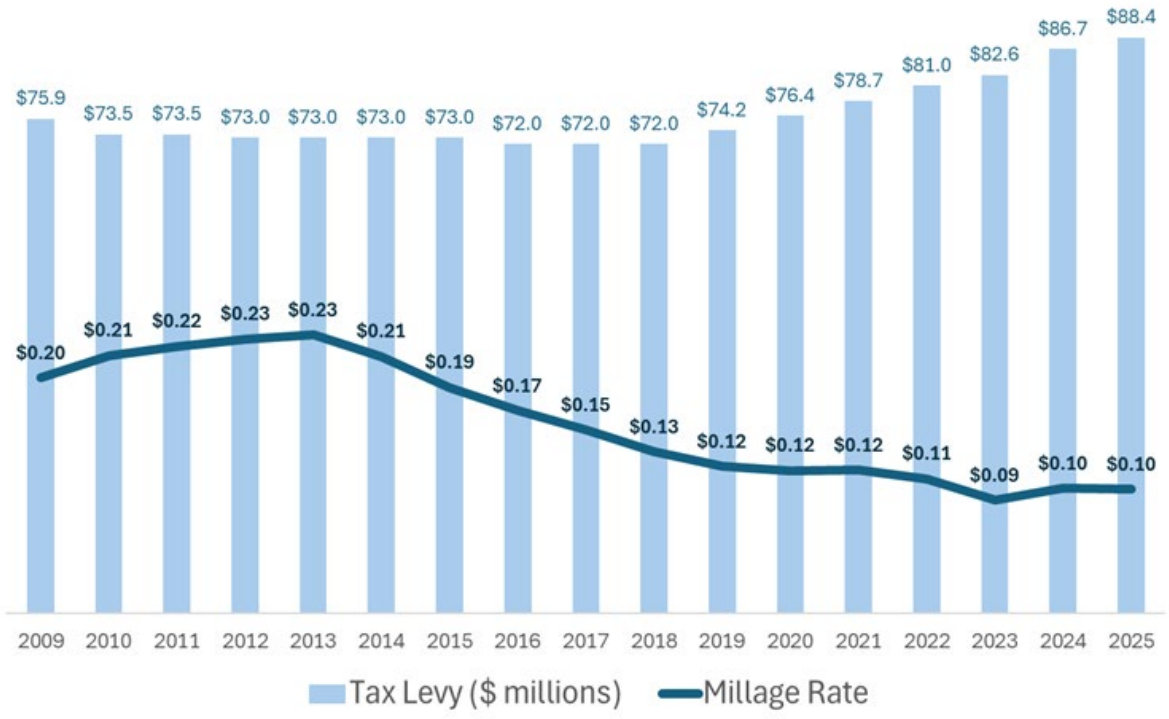
($ in 000's)



E. TAX LEVY

- The preliminary maximum allowable levy for 2025 is $117.9M.
- For 2025 the preliminary levy is $88.4M, a 2.0 percent increase over the 2024 levy of $86.7M. The levy is currently under review and may change for the final budget.
- The estimated 2025 millage rate is $0.103.
- Planned levy uses in 2024 include:
  - General Obligation (G.O.) Bond debt service.
  - Capital projects reviewed by the Commission.
  - Deposit to The Environmental Legacy Fund for environmental remediation.
  - Environmental and climate change initiatives.
  - Sound Insulation Repair and Replacement.
  - 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.
  - Friends of the Waterfront contribution.
  - Support for the Equity, Diversity and Inclusion department and high school internship program.

FIGURE III-5: TAX LEVY VS. MILLAGE RATE 2009-2025



F. EQUITY IN BUDGETING

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G. CENTURY AGENDA GOALS

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IV. AVIATION

AVIATION DIVISION

A. 2025 BUDGET SUMMARY

TABLE IV-1: AVIATION CASH FLOW SUMMARY

($ in 000's)		2025	Percent of Total
SOURCES OF CASH			
Operating Revenues		933,942	48.2%
Interest Receipts		63,203	3.3%
Proceeds from Bond Issues		750,000	38.7%
Grants and Capital Contributions		57,128	2.9%
Tax Levy		761	0.0%
Passenger Facility Charges		100,944	5.2%
Rental Car Customer Facility Charges		25,057	1.3%
Fuel Hydrant Receipts		6,985	0.4%
Other Receipts		1,493	0.1%
Total		**1,939,512**	**100%**
USES OF CASH			
Expenses from Operations:			
Total Operating Expenses		563,235	29.9%
Debt Service:			
Interest Payments	199,191		10.6%
Bond Redemptions	191,213		10.2%
Total Debt Service		390,403	20.7%
Other Expenses		1,777	0.1%
Public Expense		5,412	0.3%
Capital Expenditures		920,989	48.9%
Total		**1,881,816**	**100%**

CASHFLW.xlsx

FIGURE IV-1: AVIATION SOURCES OF CASH

($ in 000's)

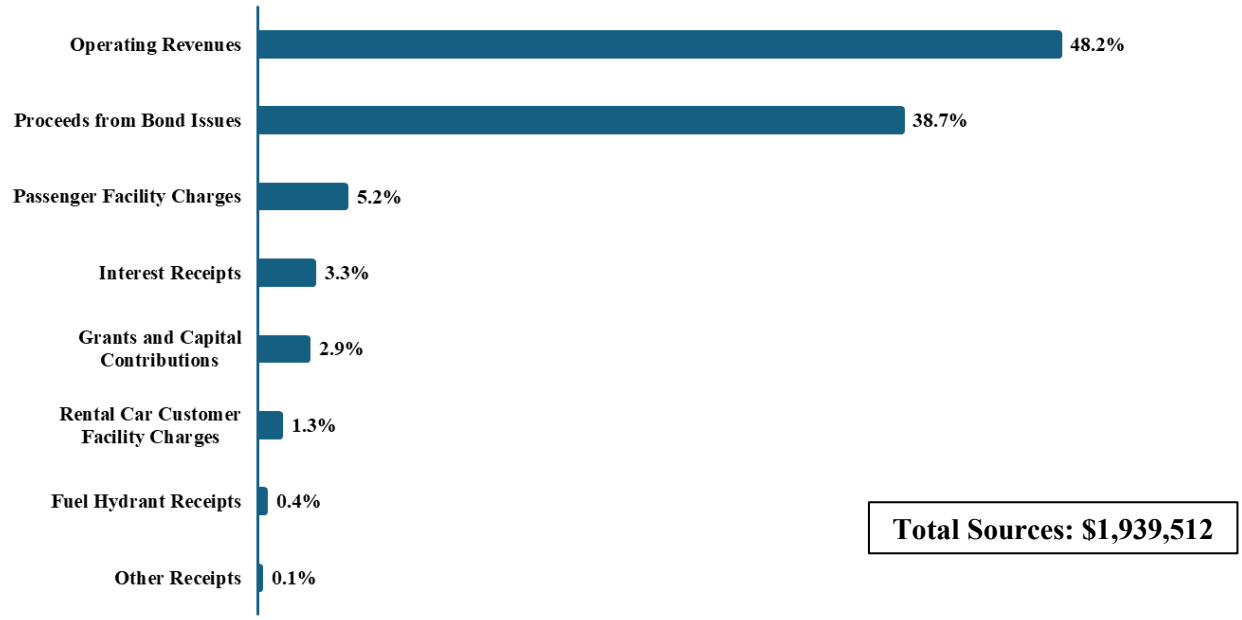
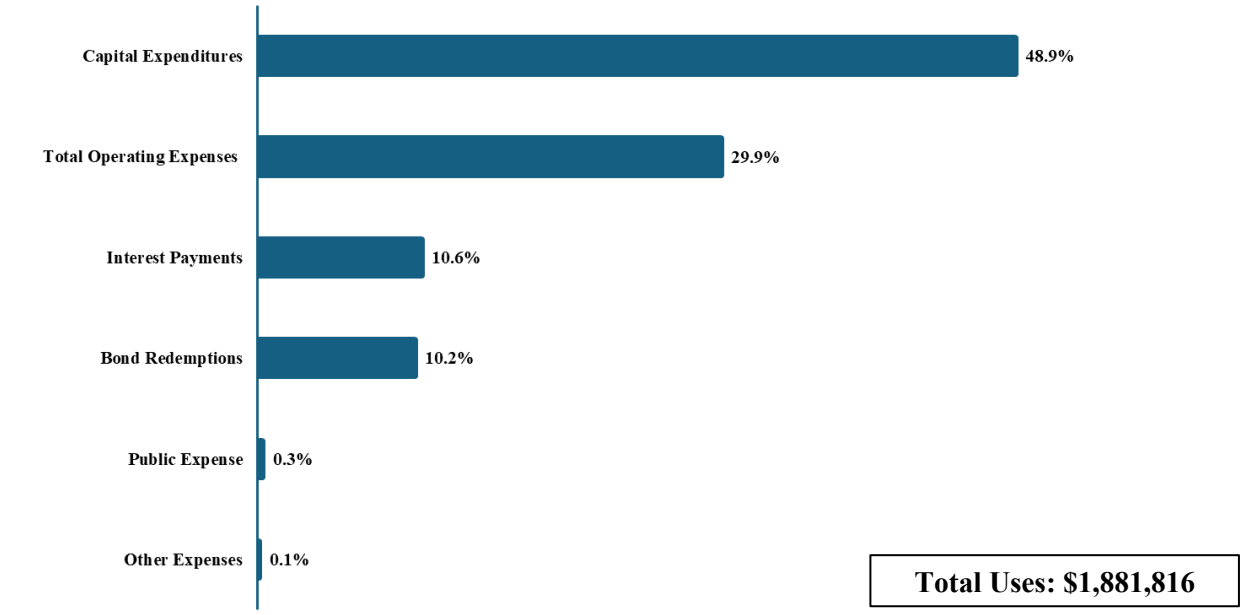


FIGURE IV-2: AVIATION USES OF CASH

($ in 000's)



B. FINANCIAL FORECAST

TABLE IV-2: AVIATION FINANCIAL FORECAST

($ in 000's) OPERATING BUDGET	Actual 2023	Budget 2024	Budget 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Compound Growth 2025-2029
Aeronautical Revenues	$ 479,697	$ 520,600	$ 568,372	$ 681,290	$ 788,739	$ 845,504	$ 907,886	12.4%
Non-Aeronautical Revenues	326,592	332,713	365,570	385,495	419,572	438,226	443,687	5.0%
Total Operating Revenues	**806,289**	**853,313**	**933,942**	**1,066,785**	**1,208,311**	**1,283,730**	**1,351,573**	**9.7%**
Operating & Maintenance Expense	334,931	352,111	405,682	439,633	465,829	495,700	525,134	6.7%
Central Services and other Division Costs	100,250	109,595	119,704	129,722	137,452	146,266	154,951	6.7%
Law Enforcement Costs	33,750	34,019	37,185	40,297	42,698	45,436	48,134	6.7%
Total Operating Expense w/o Pension Credit	**468,932**	**495,724**	**562,571**	**609,651**	**645,978**	**687,402**	**728,219**	**6.7%**
DRS Pension Credit	**(23,572)**	-	-					
Net Operating Income Before Depreciation	**360,929**	**357,589**	**371,370**	**457,133**	**562,332**	**596,328**	**623,354**	**13.8%**
Total Depreciation Expense	214,599	213,005	220,908					
Net Operating Income After Depreciation	**146,330**	**144,584**	**150,462**					
								Total 2025-2029
Committed Capital Budget	436,719	795,967	1,006,397	845,045	517,076	371,865	357,935	3,098,317
Business Plan Prospective	7,353	63,551	81,547	217,579	354,084	504,237	497,987	1,655,435
CIP Cashflow Adj Reserve		(141,920)	(166,955)	66,782	100,173	-	-	-
Total Capital Budget	**444,072**	**717,598**	**920,989**	**1,129,406**	**971,333**	**876,102**	**855,922**	**4,753,752**

2025 Operating Summary_PRELIM Budget Doc.xlsx

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

TABLE IV-3: AVIATION KEY MEASURES

	Actual 2023	Budget 2024	Budget 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Key Measures (in $'s)							
Cost per Enplanement (CPE)	17.52	18.31	19.57	23.22	26.87	28.65	30.55
O&M per Enplanement	17.55	18.74	18.99	22.31	23.48	24.78	26.05
Non-Aero Revenue per Enplanement	12.87	12.58	12.58	13.13	13.51	14.72	15.10
Debt per Enplanement	156.54	158.51	181.11	206.14	224.32	240.98	256.80
Debt Service Coverage [1]	2.02	1.88	1.82	1.81	1.70	1.59	1.49
Traffic (in 000's)							
Enplanements	25,371	26,457	26,737	27,325	27,517	27,737	27,959

2025 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:

Seattle-Tacoma International Airport (**SEA**) promotes regional economic vitality by operating a world-class international airport, providing an extraordinary customer experience, and being a model of environmental innovation for our region and industry.

Connecting the region to the world through flight. The journey begins here.

MAJOR/NEW INITIATIVES:

- Implement 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.
- Expand "Upgrade SEA" communication program.
- Achieve 2025 milestones for priority capital projects, planning studies, and asset management.
- Focus on Employee Engagement initiatives to attract and retain high quality employees.
- Ensure SEA provides a safe and seamless travel experience for FIFA 2026 World Cup Tournament visitors.

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 2023. 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:

Air travel demand continues to be strong in 2024. Passenger volumes are expected to exceed 52 million for the full year, surpassing the previous record set back in 2019. International passengers are on track to exceed 12% growth in 2024, supported by the addition of eight (8) new international services (including Canada and seasonal services).

Looking ahead to 2025, continued uncertainties about the strength of the U.S. economy, and the impact of wars in Ukraine and the Middle East. While the demand for air travel has moderated in 2024, it appears to be resilient.

SEA is a hub for both Alaska and Delta airlines. Alaska Airlines' many airline partnerships and participation in the oneworld alliance continues to contribute to growth in international service. The approval of the Alaska Airlines/Hawaiian Airlines merger offers opportunities for further route development.

BUSINESS ASSESSMENT/DRIVERS:

In 2024, enplanements are expected fully recovered to pre-COVID levels, with passenger volume continuing to strengthen throughout the year. We expect to be within 0.9% of pre-pandemic passenger levels by the end of 2024. For 2025, we anticipate a 2.2% growth in total passengers, which would bring SEA passenger traffic to 3.2% above pre-pandemic levels.

FIGURE IV-3: AIRPORT PASSENGER FORECAST

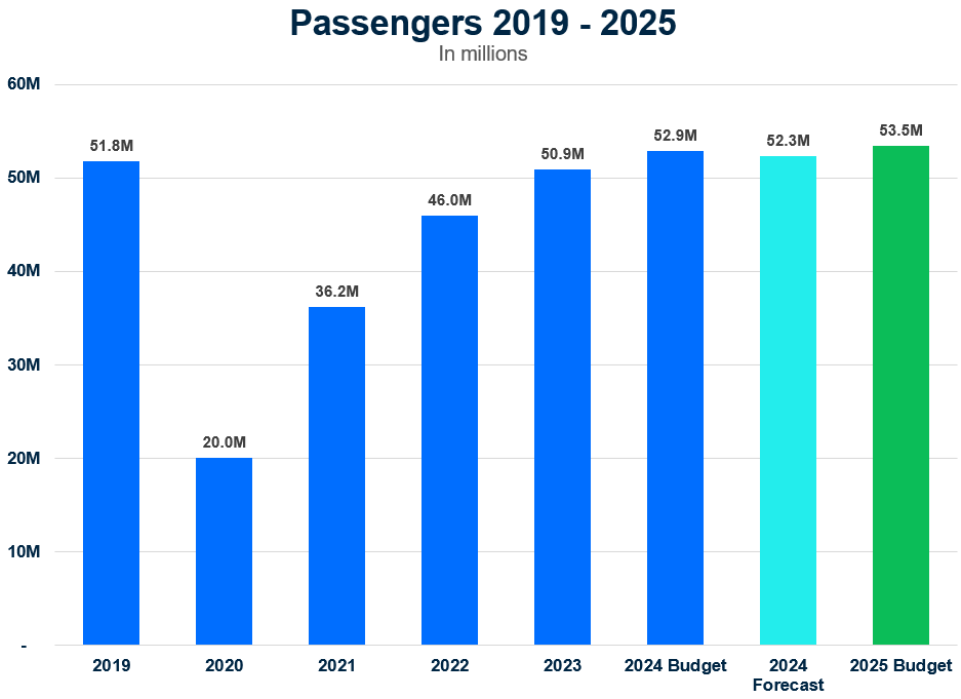


TABLE IV-4: AVIATION PASSENGER RECOVERY FORECAST

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

	Annual Change	Vs. 2019
2020	-61.3%	-61.3%
2021	80.4%	-30.2%
2022	27.1%	-11.3%
2023	10.7%	-1.8%
2024 F	2.8%	0.9%
2025 B	2.2%	3.2%

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 **one**world
- Community priorities

Threats:
- Cyber attacks
- High inflation, risk of recession, volatile construction market, supply chains, increasing costs
- Delay on Sustainable Airport Master Plan environmental review

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 severely impacted passenger volumes, but is now on a strong recovery path. Passenger volumes are expected to be 0.9% above 2019 volume by year-end 2024.

Overview of Major Changes in 2025 Budget

The 2025 Budget forecasts an overall enplanement increase of 2.2% compared to the 2024 forecast and 3.2% higher than 2019 levels. International passenger volumes are also projected to grow, expected to be 13.7% higher than 2019 by the end of 2024.

To manage costs effectively, the focus of the 2025 Budget is on strategically increasing the operating expense budget. This includes supporting the return of passenger volumes, aligning budget increases with key airport initiatives, and enhancing operating expenses for the growing airport capital program. Planned budget adjustments involve increasing headcount in critical areas, offering competitive pay raises to retain and attract essential staff, and targeted increases in non-payroll expenses.

Revenues

Aeronautical rate base revenues are directly linked to airport operating expenses through a cost recovery methodology used for rate setting. Key factors influencing the aeronautical rate base include increased payroll costs, expenses to support vital airport initiatives, and rising operating costs in areas essential for the expanding airport capital program.

The net effect of increased operating expenses and increased debt service costs is reflected in the aeronautical rate base costs for the 2025 Budget. Any aeronautical rate-based costs funded by grants are excluded from the cost recovery process.

Non-Aeronautical revenue growth was strong during 2024, outpacing the growth in passenger volumes in most lines of business. Robust Non-Aeronautical revenue growth is expected to continue into 2025, 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 $67M, or 13.5% compared to the 2024 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 2025 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 2024 BUDGET
($ in 000's)

Remove 2024 non-recurring expense	(19,644)
2025 Increase in Charges to Capital (decrease in OpExp)	(9,688)
2025 Increase to baseline budget	29,756
Exceptions: Change in Regulated Materials	(482)
Budget Reduction before new Budget Requests	**(58)**
Proposed 2025 additions (baseline)	27,330
Proposed 2025 additions (non-recurring)	25,818
Subtotal - new Budget Requests	**53,148**
Incremental Budget Change - Total O&M	**53,090**

2025 Budget Changes Summary.xlsx

TABLE IV-6: AVIATION PAYROLL COST INCREASES

2025 Payroll Cost Increases compared to 2024 Budget:		**$000's**
Payroll Increases (before new FTE requests)		
Non-Represented Annual Increases (Pay & Benefits)	5,742	
Represented Annual Increases (Pay & Benefits)	8,750	
Annualized new FTEs approved in 2024 Budget	1,732	
Add New FTEs approved in 2024 (mid-year approvals)	408	
All other payroll increase/adjustments	(694)	
Total Baseline Payroll Increases		**15,938**
Less incremental change in 5% Payroll Vacancy		**(1,112)**
Plus incremental estimate for HR compensation program		**1,192**
Proposed new FTEs (budget requests)		**5,525**
2025 Payroll Cost Increases:		**21,543**

2025 Budget Changes Summary.xlsx

TABLE IV-7: AVIATION NON-PAYROLL COST INCREASES

2025 Non-Payroll Cost Increases compared to 2024 Budget:			**$000's**
Non-Payroll Cost Increases due to revenue growth			
Clubs & Lounges - higher usage/increased volume	1,566		
Credit Card usage fee increases	367		
B&O tax correction	516		
Total Non-Payroll Cost Increases due to revenue growth		**2,449**	
Other Non-Payroll Cost Increases			
Aviation contract increases	4,564		
Utilities increase (rate & usage)	1,427		
All other Aviation Non-Payroll increases to baseline budget	(690)		
Total Other Non-Payroll Cost Increases		**5,302**	
Higher Charges to Capital (results in lower OpExp)		**(2,827)**	
Net Increase to Non-Payroll Baseline Budget			**4,923**
Lower ERL expense		**639**	
Remove 2024 Budget "one-time" non-payroll items		**(19,801)**	
Proposed Non-Payroll expense (new 2025 Budget Requests)		**46,267**	
2025 Non-Payroll Cost Increase:			**32,028**

2025 Budget Changes Summary.xlsx

TABLE IV-8: AVIATION INCREASE CHARGES TO CAPITAL PROJECTS

Increase in 2025 Budget Charges to Capital compared to the 2024 Budget:		**$000's**
Higher budgeted Charges to Capital **(results in lower OpExp)**		
AVPMG decreased payroll costs charged to Capital	594	
All other increased Aviation payroll costs charged to Capital	(2,900)	
Increase in consulting & overhead charged to Capital	(521)	
Total increase in Charges to Capital (decrease to OpExp)		**(2,827)**

2025 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 2025 Budget.

Largest Approved Budget Request	Amount ($ in 000s)
Potential New Real Estate Opportunities	$ 18,666
Sound Insulation Repair & Replacement Pilot Program	$ 4,000
Environmental Compliance	$ 2,350
Onsite Consultants to Tenant Expense	$ 2,000
Industrial Waste System (IWS) Flow Increase	$ 1,600
Employee Parking Bus Drivers	$ 1,515
Terminal Zone 1 Custodial Services Increase	$ 1,500
Airport Noise Mitigation	$ 1,500
Capital Programs Concept Development & Modeling	$ 1,250
Central Mechanical Plant Decarbonization & Resiliency Study	$ 1,000
Sustainable Airport Master Plan (SAMP) Environmental Review	$ 1,000
DAAC (Daifuku Airport America Corporation) Baggage Communications	$ 800
New Air Service Incentive Program	$ 775
Airport Childcare Initiative	$ 550
Ramp Tower Incremental Funding	$ 529
All Other 2025 Budget Requests	14,113
Total - 2025 Budget Requests	53,148

The full list of approved additions to the 2025 Budget are explained below in the context of the Problem/ Need/Opportunity they are identified to address.

TABLE IV-10: AVIATION APPROVED BUDGET ADDITIONS

Business Plan Priority		Budget Request	2025 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Experience	Equitable Opportunities for All	Accessibility Program Manager Budget	-	25,000	-	25,000
		Mobile Video Remote Interpretation	-	20,000	-	20,000
		Language Access	-	105,000	-	105,000
		Pet Relief Renew & Replacement	-	-	4,000	4,000
		Speech to Text & Ground Transportation Dynamic Content Software	-	20,000	-	20,000
	Customer Experience	Agents of Discovery CX Application/Game	-	5,000	-	5,000
		Ambient Scent Contract - Service Level Increase	-	140,000	-	140,000
		Concourse Furniture Renewal & Replacement (Dining Tables and Chairs)	-	10,250	-	10,250
		Customer Engagement & Branding General Supplies Increase	-	15,000	-	15,000
		FIFA World Cup Advance Planning Support	-	-	250,000	250,000
		Innovation Department Implementation Funding	-	200,000	-	200,000
		New Aviation Employees Welcome Kits	-	5,000	-	5,000
		SEA Badge Holder Engagement & Culture Survey	-	10,000	-	10,000
		Terminal Furniture Repair & Replacements Baseline Increase	-	100,000	-	100,000
		Volunteer Program Support	-	5,000	-	5,000
		XOVIS Sensor additions at SCP2	-	-	30,000	30,000
	Processing Passengers	Consolidated Call Center Coverage	-	100,000	-	100,000
		DAAC (Daifuku Airport America Corporation) Baggage Communications	-	-	800,000	800,000
		Integrated Database Management System (IDMS) Software & Training	-	60,000	20,000	80,000
		Mobile Digital Signage	-	-	75,000	75,000
		Motor Pool Operations Support	-	20,000	-	20,000
		Parking Garage Maintenance Materials	-	20,000	-	20,000
		RSVPify Registration Software & Application	-	8,500	-	8,500
		SEA Volunteer Uniforms	-	-	15,000	15,000
		Signage Supplies Baseline Increase	-	50,800	-	50,800
		Station Manager In-Person Meetings Costs	-	2,000	-	2,000
		Subtotal, Customer Service	**-**	**921,550**	**1,194,000**	**2,115,550**
Employee Engagement	Attract & Retain Qualified Employees	Airport Childcare Initiative	-	-	550,000	550,000
		Aviation Directors Retreats	-	8,000	-	8,000
		Fire Department Events (Promotion, Recruiting & Awards)	-	15,000	-	15,000
	Invest in Employee Training	Airfield Marking Professional (AMP) Symposium	-	-	6,000	6,000
		Auto Mechanic Training	-	20,000	-	20,000
		Communications Training for Airport Communications Center	-	-	2,000	2,000
		Water Works Training	-	-	7,500	7,500
		Baseline Travel & Training Increase - Multiple Departments		88,300	-	88,300
		Subtotal, Employee Engagement	**-**	**131,300**	**565,500**	**696,800**

Business Plan Priority		Budget Request	2025 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Financial Stewardship & Asset Management	Keeping Up with Growth at the Airport	Potential New Real Estate Opportunities	25.0	17,298,903	1,367,500	18,666,403
		Audio Visual Needs for SEA Conference Center	-	-	50,000	50,000
		Cruise Transportation Coordinators	0.4	44,175	4,000	48,175
		Development of Taxi Virtual Queue System	-	-	50,000	50,000
		IATA Airline Scheduling Software Implementation & Training	-	10,000	-	10,000
		New Air Service Incentive Program	-	-	775,000	775,000
		Terminal Flight Data Manager (TFDM) - Aerobahn Software	-	-	100,000	100,000
		Third Floor Ground Transportation (GT) Area Expansion	-	-	50,000	50,000
	Asset Management, Capital Development and Delivery Support	Capital Programs Concept Development & Modeling	-	-	1,250,000	1,250,000
		Capital Liaison Resources for AV Maintenance	-	-	750,000	750,000
		Capital Liaison Resources for AV Maintenance - Capital Offset	-	-	(750,000)	(750,000)
		Civil Asset Management Support	-	-	100,000	100,000
		Comprehensive Survey of Airport Property	-	-	200,000	200,000
		Consultant Resources for Controls (IDIQ Contract)	-	-	1,978,000	1,978,000
		Consultant Resources for Estimating (IDIQ Contract)	-	-	800,000	800,000
		Consultant Support for Capital Projects - Cost Offset	-	-	(2,720,000)	(2,720,000)
		Duty-Free Consultant Services	-	-	375,000	375,000
		Duty-Free Consultant Services - Capital Offset	-	-	(375,000)	(375,000)
		eGSE Charger Asset Management	-	90,000	-	90,000
		Enterprise Asset Management (EAM) Maximo System Enhancements	-	50,000	-	50,000
		Expense Work for Capital CIPs for Port Shared Use Lounges	-	-	2,101,000	2,101,000
		Grant Offset - 160th Street Lot EV Chargers Tenant Reimbursement	-	-	(500,000)	(500,000)
		HVAC Small Works Construction Services	-	-	383,000	383,000
		Maintenance Inventory Management System	-	200,000	-	200,000
		Onsite Consultants to Capital - (100% capital)	-	-	12,889,803	12,889,803
		Onsite Consultants to Capital - Offset	-	-	(12,889,803)	(12,889,803)
		Onsite Consultants to Tenant Expense	-	-	2,000,000	2,000,000
		Small Works Construction Services for Cargo Operations	-	100,000	-	100,000
		Technical Support for Capital Planning Project Development	-	-	200,000	200,000
	Financial Sustainability	Financial Consulting Services	-	-	100,000	100,000
		Life Cycle Cost Analysis (LCCA) Implementation	-	-	100,000	100,000
	Address Maintenance Needs and Standards	ADR Food Incubator Equipment - Extended Warranty & Maintenance	-	-	100,000	100,000
		Airport-Wide Window Cleaning Services	-	400,000	-	400,000
		Art Cleaning Contractor Services	-	50,000	-	50,000
		BIM Modeling Contract (Year 2)	-	-	500,000	500,000
		Cleaning of Parking Garage Detention Vaults	-	-	60,000	60,000
		Clearing Vegetation Around Ponds	-	50,000	-	50,000
		Communication Infrastructure Assessment	-	-	150,000	150,000
		Concrete Barrier Protection	-	-	50,000	50,000
		Dam Safety Inspections	-	-	50,000	50,000
		De-icer Tank for Pickup Truck	-	-	14,000	14,000
		EZMaximo Licenses	-	-	41,250	41,250
		Fire Alarm System Master Plan	-	-	200,000	200,000
		Increased Material Budget for Electric Shop: Lighting, EGSE, and Airfield	-	50,000	-	50,000
		International Arrivals Facility (IAF) EasyPower Study Conversion	-	-	125,000	125,000
		iPhone/iPad Refresh Program: 90 Devices Every Two Years	-	56,250	-	56,250
		Landside Pavement Program: Condition Assessment	-	-	100,000	100,000
		License Plate Recognition (LPR) Software License & Support	-	10,000	-	10,000
		Lift Station Condition Assessment	-	-	100,000	100,000
		Materials Budget Increase for Satellite Transit System (STS)	-	30,000	-	30,000
		Mobile Airfield Light Monitoring System (MALMS) Support Contract	-	25,000	-	25,000
		New Leases for Microwave Tower Space	-	42,000	-	42,000
		New License and Support Contract for TKH Security (Park Assist)	-	222,000	-	222,000
		Preliminary Work for Rental Car Facility (RCF) Re-bid	-	-	100,000	100,000
		Rental Car Facility (RCF) Full Reallocation	-	-	50,000	50,000
		Schindler Electronic Devices for New Service Contract in Maximo	-	-	15,400	15,400
		Service Equipment Purchases for Radio Shop	-	-	20,000	20,000
		Structural Assessment of Upper and Lower Drives	-	-	200,000	200,000
		UPS & Fire-rated Communication Rooms Feasibility Study	-	-	250,000	250,000
		Water Distribution Asset Management	-	-	100,000	100,000
		Water-Proof & Secure Storage Conex Boxes	-	-	11,000	11,000
		Subtotal, Financial Stewardship & Asset Management	**25.4**	**18,728,328**	**10,625,150**	**29,353,478**

Business Plan Priority		Budget Request	2025 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Health, Safety, and Security (includes passengers)	Maintain & Improve Safety of Airport Operations Area	AAAE Certified Member (C.M.) Review Course & Certification	-	-	45,000	45,000
		Airfield Safety & Standards Support & Implementation (IDIQ)	-	250,000	-	250,000
		Airport Operations Specialist Training	-	10,000	-	10,000
		Apparatus Parts & Maintenance for Mechanics	-	50,000	-	50,000
		Aviation Weather Forecast Service	-	-	20,000	20,000
		Fire Department Extinguisher Equipment and Supplies	-	-	42,000	42,000
		Fire Department Hazardous Materials Training & Equipment	-	-	235,000	235,000
		Fire Department Technical Rescue Equipment	-	-	45,000	45,000
		Fire Fighter Bunker Gear	-	-	145,000	145,000
		Fire Fighter Personal Protective Equipment (PPE), Safety Supplies, & Equipment	-	-	50,000	50,000
		Fire Fighter Uniform Replacement & Maintenance	-	100,000	-	100,000
		Incident Management Software for Tablet Command	-	-	65,000	65,000
		Machining Tools for Fire Department Mechanics	-	-	25,000	25,000
		New Avian Radar Vendor Transition & Onboarding	-	-	37,500	37,500
		Ramp Tower Incremental Funding	-	528,632	-	528,632
		Safety Management System (SMS) Safety Training for Employees	-	-	25,000	25,000
		Safety Risk Assessment (SRA) Facilitator Services	-	50,000	-	50,000
		Self-Contained Breathing Apparatus (SCBA) Inspection & Maintenance	-	-	75,000	75,000
		Tools & Equipment for Fire Department Apparatus	-	-	60,000	60,000
		Wildlife Habitat & Vegetation Management	-	-	100,000	100,000
	Maintain & Enhance Overall Security at the Airport	Alarm Technician Equipment & Supplies	-	-	145,000	145,000
		Blank Slate Application Procurement	-	35,100	-	35,100
		Department of Homeland Security (DHS) Safety Act Certification	-	-	20,000	20,000
		Maintenance Service Plan for X-ray Machines - Employee Screening	-	20,196	-	20,196
		Rented Portable Cameras for Employee Parking Lots & Cargo Areas	-	99,600	-	99,600
	Operational Efficiencies	Accela & Bluebeam Plan Review Interface & Payment Adapter	-	-	25,000	25,000
		Elevator & Escalator Monitoring (Liftnet Replacement)	-	100,000	-	100,000
		Fire Blanket for Electric Vehicle Charging Area in Parking Garage	-	-	30,000	30,000
		Fire Protection Systems - Inspection, Testing, & Maintenance Services	-	200,000	-	200,000
		Fire Suppression Technology Feasibility Study	-	-	200,000	200,000
		HVAC Equipment Rental for Building 166B	-	81,500	-	81,500
		HVAC Equipment Rental for Building 167A	-	40,750	-	40,750
		Increase - ABD - Plan Review & Inspections	-	-	200,000	200,000
		Industrial Waste System (IWS) Flow Increase	-	-	1,600,000	1,600,000
		Stanchion Renewal & Replacement	-	30,000	-	30,000
		Terminal Zone 1 Custodial Services Increase	-	1,500,000	-	1,500,000
		Subtotal, Health, Safety, and Security (includes passengers)	**-**	**3,095,778**	**3,189,500**	**6,285,278**

Business Plan Priority		Budget Request	2025 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Sustainability & Community	Airport Noise Mitigation	Part 150 Noise Compatibility Study	-	-	1,500,000	1,500,000
		Part 150 Noise Compatibility Study - Grant Offset	-	-	(1,200,000)	(1,200,000)
		Sound Insulation Repair & Replacement Pilot Program	-	-	4,000,000	4,000,000
	Be the Greenest, and Most Energy Efficient Port in North America	Central Mechanical Plant (CMP) Decarbonization & Resiliency Study - Year 2 Completion	-	-	1,000,000	1,000,000
		Clean Building Performance Standard Compliance	-	-	200,000	200,000
		CMP Decarbonization & Resiliency Study - Year 2 Completion (Grant Offset)	-	-	(750,000)	(750,000)
		Electric Vehicle (EV) Charging - Near/Mid-Term Implementation	-	-	150,000	150,000
		Greenhouse Gas Reporting Rule Compliance	-	23,000	-	23,000
		SEA Climate Action Plan	-	-	50,000	50,000
	Become a Model for Equity, Diversity and Inclusion	SEA Employee Shuttle Service Feasibility Study (Ground Transportation Action Plan Item)	-	-	300,000	300,000
		SEA MOVES	-	231,000	200,000	431,000
		South King County TRIPS: Support for Commuting Resource Programming for Southeast Employees	-	-	25,000	25,000
		Transit Pass Program	-	500,000	-	500,000
	Enhance Community Engagement	Anti Human Trafficking Campaign	-	-	88,000	88,000
		SEA Cultural Events	-	200,000	-	200,000
		Language Access	-	10,000	-	10,000
		IATA Slot Taskforce - SEA Hosting ACI North America and Slot	-	-	5,000	5,000
		Healthcare Benefits for SEA Employees Study & Report	-	-	200,000	200,000
	Environmental Compliance	Expense Components of Capital Improvement Projects	-	-	2,350,000	2,350,000
		National Pollutant Discharge Elimination System (NPDES) Permit Renewal Sampling & Support	-	-	215,000	215,000
		PFAS Industrial Waste Treatment Plant Source Reduction Pilot	-	-	450,000	450,000
		PFAS Industrial Waste Treatment Plant Source Reduction Pilot	-	-	(225,000)	(225,000)
		PFAS Ongoing Investigations & AFFF Transition Support	-	-	400,000	400,000
		Stormwater Programmatic Permitting	-	-	50,000	50,000
		Stormwater Programmatic Planning for 6PPD-q	-	-	50,000	50,000
		Sustainable Airport Master Plan (SAMP) Environmental Review	-	-	1,000,000	1,000,000
		Subtotal, Sustainability & Community	**-**	**964,000**	**10,058,000**	**11,022,000**

TABLE IV-11: AERONAUTICAL BUSINESS

Aeronautical NOI ($ in 000's)	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2025 Budget	Incr (Decr) Change from 2024 $	Incr (Decr) Change from 2024 %
Rate Base Revenues							
Airfield Movement Area	88,061	118,240	142,797	153,782	167,627	13,845	9.0%
Airfield Apron Area	17,146	17,211	26,118	31,816	35,651	3,835	12.1%
Terminal Rents	184,625	220,399	251,892	274,654	288,047	13,392	4.9%
Federal Inspection Services (FIS)	10,978	29,347	41,214	41,326	50,910	9,584	23.2%
Total Rate Base Revenues	**300,810**	**385,197**	**462,020**	**501,578**	**542,234**	**40,656**	**8.1%**
Airfield Commercial Area	16,702	17,343	17,677	19,022	26,137	7,116	37.4%
Total Aeronautical Revenues	**317,513**	**402,541**	**479,697**	**520,600**	**568,372**	**47,772**	**9.2%**
Total Aeronautical Expenses	**203,573**	**261,574**	**308,162**	**342,086**	**365,579**	**23,494**	**6.9%**
Aeronautical NOI	**113,940**	**140,967**	**171,535**	**178,514**	**202,792**	**24,278**	**13.6%**
Debt Service	(80,554)	(101,159)	(144,395)	(154,613)	(179,527)	(24,915)	16.1%
Net Cash Flow	**33,385**	**39,808**	**27,140**	**23,902**	**23,265**	**(637)**	**-2.7%**

- *Revenues and Expenses calculated using manual allocation methods due to Financial System Outage. 2025 Budget numbers provided are the best estimate and will be adjusted when system access restored.*
- Positive Net Cash Flow derives from charging Equity Amortization for construction of assets funded with Airport Development Fund (ADF).

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

	2024	2025	Impact on Aero Revenues Budget vs Budget	
$ in 000's	Budget	Budget	$	%
O&M [1]	331,860	362,970	31,110	9.4%
Debt Service Before Offsets	225,815	237,222	11,407	5.1%
Debt Service PFC Offset	(91,493)	(93,230)	(1,737)	1.9%
Net Debt Service	134,322	143,993	9,670	7.2%
Amortization	36,873	36,712	(161)	-0.4%
Space Vacancy	(719)	(682)	37	-5.1%
TSA Operating Grant and Other	(758)	(758)	0	0.0%
Rate Base Revenues	**501,578**	**542,234**	**40,656**	**8%**
Commercial area	19,022	26,137	7,116	37%
Total Aero Revenues	**520,600**	**568,372**	**47,772**	**9%**

(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 2024 Budget):

- Aeronautical rate-based operating expenses increased by $31.1M. Below is the breakout of the Aero Operating Expenses:
  - Aero direct O&M increase of $14.5M (about 51% of increase is from payroll, 49% is from non-payroll)
    - Payroll increase of $7.4M – includes aeronautical share of inflation increase from 2024 payroll increases, annualization of new positions added in 2024, mid-year positions approved in 2024, and new positions approved 2025 budget. Payroll reflects a slightly larger standard increase for 2025 payroll year due to increased inflation, although lower than 2023 and 2024 inflation.
    - Outside Services Contract increase of $2.9M increase from various contractual increases (some scope increases and some inflationary price increases), new contracts and one-time items including: $1.8M Contracted Janitorial/Window Cleaning contract increases; $1M increase in expense project work related to the Airfield and Terminal; $0.8M DAAC Baggage Contract addition; $0.6M increase Cargo Small Works funding increase; $0.5M increase for CMP Decarbonization & Resiliency Study (aero share); $0.5M Ramp Tower cost increase; plus baseline contractual annual price increases of roughly $4M; and other various adjustments for roughly a net of $0.8M. These increases were offset by SBITA software credits of ($2.4M); a reduction of On-Call Planning budget from prior year by ($1M).
    - Other Expenses (Equipment $24K, Utilities $584K, Supplies $33K, Promo $236K, Travel $36K, General/Other ($426K), Workers Comp $217K) increases of $1.2M – includes various small changes in baseline and one-time budget requests.
    - Environmental Remediation Liability (ERL) expense increased by $482K.
    - Overhead Allocations represent increase of $3.1M.
  - Divisional Allocations, and Internal Utility Allocations increase of $16M *(currently manually calculated)*
  - Other Division Allocations increase of $3.7M *(currently manually calculated)*
- Debt Service net increased by $11.4M:

  - The $11.4M increase in Debt Service before offsets stems from higher costs in the Airfield Movement Area and Baggage centers, which surpass the decrease in Terminal Building projects. The Airfield increase is primarily due to the 2024 refunding of the 2015B bonds for Third Runway Construction. In Baggage, a scheduled $14.1M principal payment on the 2022B bonds in 2025, primarily for baggage-related initiatives like the Checked Baggage Optimization project, drives the increase. Conversely, Terminal Building debt service has decreased in 2025 due to the final payment of debt on the refunding of the 2021C, 2022B, and 2022C in 2024.
  - 2025 budget PFC offsets are budgeted higher due to more offsets in the airfield projects.
- Amortization equity, use of Airport Development Funds (ADF), to fund construction capital projects is slightly lower by ($161K):
  - New assets include capitalized software subscriptions in accordance with GASB Statement No. 96, addressing Subscription-Based Information Technology Arrangements (SBITA).
- Space vacancy – minimal change

TABLE IV-13: NON-AERONAUTICAL BUSINESS

Non-Aeronautical NOI ($ in 000's)	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 Forecast	2025 Budget	Incr (Decr) Change from 2024 $	Incr (Decr) Change from 2024 %
Non-Aeronautical Revenues								
Public Parking	64,289	88,899	110,990	111,036	118,410	122,956	11,920	10.7%
Rental Cars	34,740	58,344	63,460	61,599	65,468	67,197	5,598	9.1%
Ground Transportation	11,947	20,804	24,878	25,333	25,222	25,962	629	2.5%
Airport Dining & Retail	35,565	39,709	65,952	71,582	72,928	77,353	5,772	8.1%
Clubs and Lounges	3,478	8,688	11,710	12,024	14,459	15,868	3,844	32.0%
Utilities	6,350	7,943	8,666	10,089	10,089	10,870	781	7.7%
All Other	27,635	37,341	40,936	41,300	40,666	45,363	4,063	9.8%
Total Non-Aeronautical Revenues	**183,819**	**256,613**	**326,592**	**332,713**	**347,651**	**365,570**	**32,857**	**9.9%**
Total Non-Aeronautical Expenses	**90,644**	**121,130**	**137,529**	**153,639**	**153,463**	**190,881**	**37,242**	**24.2%**
Non-Aeronautical NOI	**93,175**	**135,483**	**189,063**	**179,075**	**194,188**	**174,689**	**(4,385)**	**-2.4%**

Non-Aeronautical Highlights (Change compared to 2024 Budget):

Non-Aeronautical Revenue

Non-Aeronautical Operating Revenue experienced strong growth in 2023 and is continuing that strong growth during 2024. In most lines of business, that growth is outpacing the rate of recovery in returning passenger volumes. Strong growth in Non-Aero revenue is expected to continue into 2025.

- Parking – demand for close-in parking continues to outpace the growth in passenger volumes. A tariff parking rate increase in 2024 was well received and did not reduce demand for close-in parking.
- Rental Cars – concession revenue remained high in 2023 and continued into 2024. Rental Car operations have stabilized after earlier fleet vehicle shortages. Revenue growth in 2025 is expected to continue at a more moderate rate.
- Ground Transportation (GT) – GT trip activity and revenue has stabilized, after slower recovery during the initial years of the pandemic. Demand for TNC trips continues to grow slightly faster than growth in passenger volumes. TNC revenue in the 2025 Budget includes a planned rate increase. Taxi operations are expected to grow at a rate more closely aligned with passenger volume growth.
- Airport Dining & Retail (ADR) – passenger demand for a wide range of ADR offerings continue to outpace the growth in passenger volumes. Duty Free revenue continues to recover, closely aligned

with the growth in international passenger volumes. However, ADR passenger demand is dampened by ongoing construction impacts inside the airport terminal which have resulted in closure of some ADR units and restricted access to some existing ADR tenant units. Terminal construction projects will continue in the near future, and ADR revenue in the 2025 Budget reflects known impacts from those ongoing construction projects.

- Clubs & Lounges – strong demand and higher lounge utilization is expected to continue into 2025.
- Commercial Properties and other Non-Aeronautical lines of business with revenue primarily from real estate leases continue to be a stable source of revenue source.

Non-Aeronautical Operating Expense

The Non-Aeronautical share of 2025 operating expenses are budgeted to increase $37.2M (24.2%). A significant portion of the increase in Non-Aeronautical operating expense are related to new real estate initiatives ($18.7M) planned for the coming year. Ongoing operating expenses reflect planned increases in payroll, other contractual increases, and targeted spending to implement strategic initiatives.

TABLE IV-14: NON-AERONAUTICAL KEY INDICATORS

	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 Forecast	2025 Budget	Incr (Decr) Change from 2024 $	Incr (Decr) Change from 2024 %
Non-Aeronautical Revenues per Enplanement								
Public Parking	$ 3.56	$ 3.87	$ 4.37	$ 4.20	$ 4.53	$ 4.60	$ 0.40	9.6%
Rental Cars	1.92	2.54	2.50	2.33	2.51	2.51	0.18	7.9%
Rental Cars - Operations	1.81	2.01	1.83	1.60	1.74	1.70	0.11	6.9%
Rental Cars - Operating CFC	0.11	0.53	0.67	0.73	0.77	0.81	0.08	10.3%
Ground Transportation	0.66	0.91	0.98	0.96	0.97	0.97	0.01	1.4%
Employee Parking	0.50	0.46	0.42	0.44	0.42	0.57	0.13	30.3%
Landside Total	**6.64**	**7.78**	**8.27**	**7.92**	**8.42**	**8.66**	**0.73**	**9.3%**
Airport Dining & Retail	1.97	1.73	2.60	2.71	2.79	2.89	0.19	6.9%
Tenant Marketing	0.05	0.06	0.06	0.07	0.03	-	(0.07)	-100.0%
Commercial Properties	0.69	0.73	0.80	0.77	0.78	0.81	0.03	4.2%
Clubs and Lounges	0.19	0.38	0.46	0.45	0.55	0.59	0.14	30.6%
Non-Airline Terminal Leased Space	0.33	0.29	0.33	0.26	0.29	0.29	0.04	13.9%
AOB Conference Center	0.00	0.01	0.01	0.01	0.01	0.01	0.00	36.5%
Commercial ManagementTotal	**3.24**	**3.19**	**4.26**	**4.27**	**4.46**	**4.59**	**0.33**	**7.7%**
Utilities	0.35	0.35	0.34	0.38	0.39	0.41	0.03	6.6%
Other	(0.05)	0.08	(0.00)	0.01	0.01	0.01	(0.00)	-1.0%
Total Revenues per Enplanement	**10.17**	**11.17**	**12.87**	**12.58**	**13.30**	**13.67**	**1.10**	**8.7%**
ADR Sales per Enplanement	**13.97**	**15.99**	**16.95**	**17.75**	**17.43**	**18.00**	**0.25**	**1.4%**
Enplanements (# in 000's)	**18,073**	**22,966**	**25,371**	**26,457**	**26,134**	**26,737**	**280**	**1.1%**

TABLE IV-15: AVIATION REVENUE BY ACCOUNT

($ in 000's) By Account	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Revenue						
Equipment Rental		$ 8,545	$ 7,908	$ 7,355	$ 7,998	8.7%
Landing Fees		114,043	138,418	149,601	163,022	9.0%
Airport Transportation Fees		20,722	24,752	25,270	25,899	2.5%
Parking Revenue		96,420	117,664	118,557	133,792	12.8%
Car Rental Revenue		52,215	59,101	57,250	62,829	9.7%
Revenue from Sale of Utilities		6,883	7,438	8,401	8,822	5.0%
Property Rental Revenue		333,106	417,526	446,074	485,694	8.9%
Other Revenues		26,038	34,107	40,805	45,885	12.5%
Total Operating Revenue		**$ 657,972**	**$ 806,914**	**$ 853,313**	**$ 933,942**	**9.4%**

AVBUD.xlsx

FIGURE IV-4: AVIATION REVENUE BY ACCOUNT

($ in 000's)

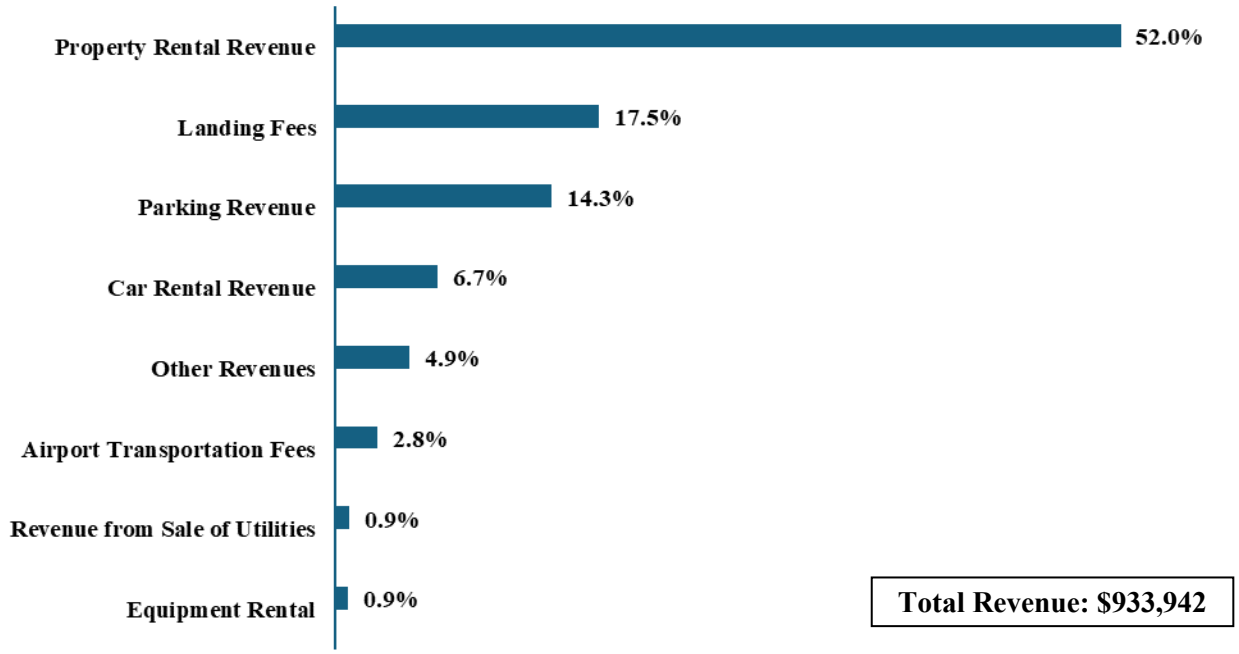


TABLE IV-16: AVIATION OPERATING & MAINTANENCE EXPENSES BY ACCOUNT

($ in 000's) Expense by Account	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Expense						
Salaries, Wage, Benefits & Worker's Compensation		$ 171,557	$ 196,191	$ 213,522	$ 235,245	10.2%
Equipment Expense		7,231	7,775	5,888	8,298	40.9%
Utilities		22,889	23,294	23,963	26,993	12.6%
Supplies & Stock		8,797	9,203	6,341	7,416	17.0%
Outside Services		75,864	87,455	126,888	134,358	5.9%
Travel & Other Employee Expenses		1,852	2,075	2,972	3,179	7.0%
Promotional Expenses		1,537	572	839	1,076	28.3%
Other Expenses		15,805	20,266	20,661	29,416	42.4%
Total O&M without Environmental		**305,533**	**346,832**	**401,073**	**445,981**	**11.2%**
Enivormental Remediation Liablity Expense		(1,274)	13,017	157	639	307.0%
Total O&M with Environmental		**304,258**	**359,849**	**401,230**	**446,620**	**11.3%**
Charges to Capital/Govt/Envrs Projects		(20,460)	(24,382)	(48,641)	(40,208)	-17.3%
Total O&M Expenses w/o Pension Credit		**283,798**	**335,467**	**352,590**	**406,412**	**15.3%**
DRS Pension Credit		(6,659)	(11,332)	-	-	NA
Total O&M Expenses with Pension Credit	1)	**$ 277,139**	**$ 324,134**	**$ 352,590**	**$ 406,412**	**15.3%**

AVBUD.xlsx

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)

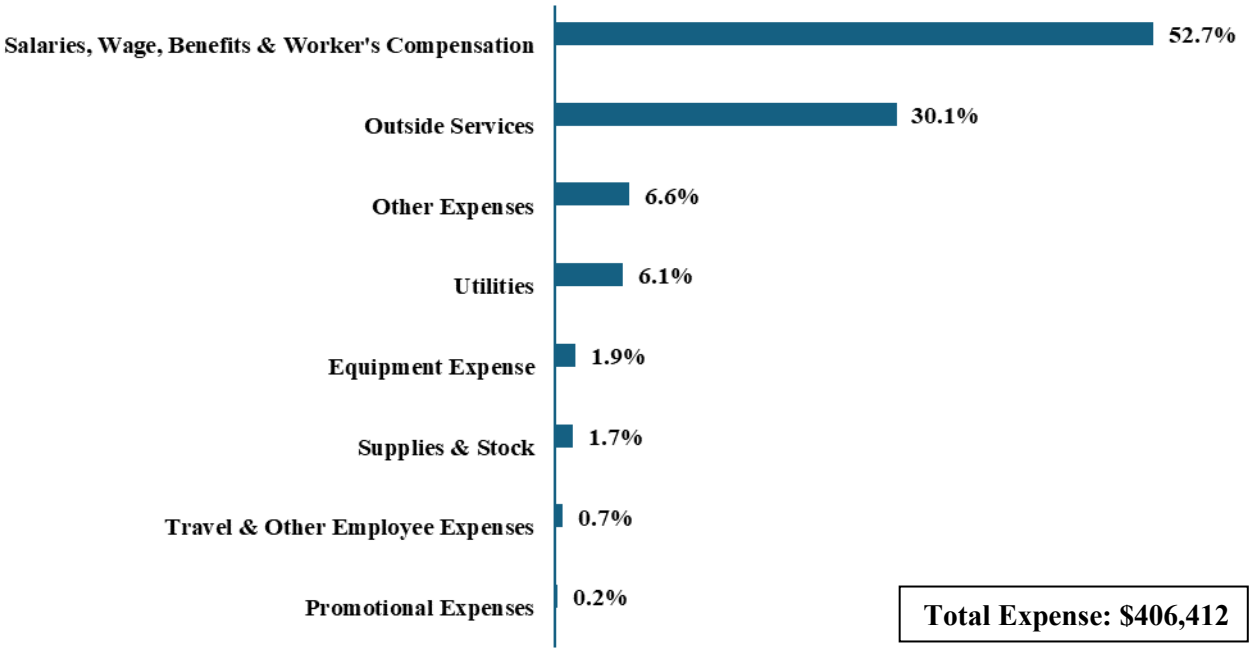


TABLE IV-17: AVIATION REVENUE BY BUSINESS GROUP/DEPARTMENT

Aviation Division ($ in 000's)	2022 Actual	2023 Actual	2024 Forecast	2024 Budget	2025 Proposed Budget	Incr/(Decr) from 2024 $	Incr/(Decr) from 2024 %
AIRLINE REVENUES							
Rate Base Revenues							
Airfield Movement Area	118,240	142,797	157,464	153,782	167,627	13,845	9.0%
Airfield Apron Area	17,211	26,118	31,935	31,816	35,651	3,835	12.1%
Terminal Rents	220,399	251,892	274,911	274,654	288,047	13,392	4.9%
Federal Inspection Services (FIS)	29,347	41,214	45,578	41,326	50,910	9,584	23.2%
Total Rate Base Revenues	**385,197**	**462,020**	**509,888**	**501,578**	**542,234**	**40,656**	**8.1%**
Airfield Commercial Area	17,343	17,677	19,979	19,022	26,137	7,116	37.4%
Total Aeronautical Revenues	**402,540**	**479,697**	**529,867**	**520,600**	**568,372**	**47,772**	**9.2%**
NON-AIRLINE REVENUES							
Public Parking	88,899	110,990	118,022	111,036	122,956	11,920	10.7%
Rental Cars	56,473	63,460	65,008	61,599	67,197	5,598	9.1%
Ground Transportation	20,804	24,878	24,657	25,333	25,962	629	2.5%
Airport Dining & Retail	36,562	65,952	73,202	71,332	77,353	6,022	8.4%
Other	53,875	61,312	66,762	63,413	72,102	8,689	13.7%
Total Non-Aeronautical Revenues	**256,613**	**326,592**	**347,651**	**332,713**	**365,570**	**32,857**	**9.9%**
Total Operating Revenues (S3000 basis)	**659,153**	**806,289**	**877,518**	**853,313**	**933,942**	**80,629**	**9.4%**

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

Aviation Division ($ in 000's)	2022 Actual	2023 Actual	2024 Forecast	2024 Budget	2025 Proposed Budget	Incr/(Decr) from 2024 $	Incr/(Decr) from 2024 %
BUSINESS UNITS							
Aviation Non-Ops	-	-	-	-	-	-	
Airport Operations	46,576	53,684	66,197	65,221	73,519	8,298	12.7%
Aviation Utilities	24,983	25,382	27,497	27,464	30,482	3,018	11.0%
Aviation Commercial Management	5,536	8,937	10,936	12,777	13,755	978	7.7%
Airport Properties	6,285	8,058	10,220	9,980	26,318	16,338	163.7%
TOTAL BUSINESS UNITS	**83,380**	**96,061**	**114,850**	**115,442**	**144,075**	**28,632**	**24.8%**
NON-AIRLINE REVENUES							
Airport Innovation	721	834	1,247	1,334	1,700	366	27.4%
Airport Security	16,752	20,215	24,031	22,627	24,557	1,930	8.5%
Aviation Building Department	613	852	1,862	1,711	2,089	378	22.1%
Aviation Director's Office	2,344	2,454	3,537	3,371	4,317	947	28.1%
Aviation Division Contingency	0	0	(1,408)	(2,465)	(7,234)	(4,769)	193.5%
Aviation Environmental Programs Group	5,367	6,841	8,071	8,943	8,186	(757)	-8.5%
Aviation Finance & Budget	2,662	3,401	4,087	3,828	4,224	397	10.4%
Aviation Maintenance	115,208	129,006	133,105	137,475	152,468	14,993	10.9%
Customer Service Department	5,183	6,011	7,741	7,606	8,766	1,160	15.2%
Fire Department	24,427	22,694	25,811	24,828	27,797	2,969	12.0%
Noise Programs	1,054	1,218	2,545	2,882	2,990	108	3.7%
Operational Readiness Activation	1,046	664	1,284	1,113	788	(325)	-29.2%
TOTAL AVIATION SERVICES	**175,376**	**194,192**	**211,912**	**213,252**	**230,648**	**17,396**	**8.2%**
CAPITAL DEVELOPMENT PROGRAM							
Aviation Facilities & Capital Programs	8,414	10,405	15,484	14,061	16,958	2,897	20.6%
Aviation Project Management Group	3,620	3,144	7,698	5,435	10,104	4,669	85.9%
Planning, Development & Infrastructure	32	539	518	503	533	29	5.8%
Project Controls	818	726	688	808	539	(269)	-33.3%
TOTAL CAPITAL DEVELOPMENT PROGRAM	**12,884**	**14,815**	**24,388**	**20,808**	**28,134**	**7,326**	**35.2%**
OTHER							
Aviation Environmental Reserve	(1,274)	13,017	1,958	157	639	482	307.0%
Aviation Risk Expense	4,418	5,570	2,931	2,931	2,916	(15)	-0.5%
Aviation Capital to Expense	2,356	480	308	-	-	-	
TOTAL OTHER	**5,499**	**19,066**	**5,197**	**3,088**	**3,555**	**467**	**15.1%**
Total Operating Expenses (Org Basis)	**277,139**	**324,134**	**356,347**	**352,590**	**406,412**	**53,822**	**15.3%**

E. STAFFING

TABLE IV-19: AVIATION STAFFING

STAFFING (Full-Time Equivalent Positions) BUSINESS GROUP/DEPARTMENT	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 Estimate	2025 Budget	# Change from 2024 Bud	% Change from 2024 Bud
AIRPORT OPERATIONS								
Aeronautical Business Group	89.0	95.0	96.0	101.0	101.0	104.0	3.0	3.0%
Landside Business Group	147.1	148.1	149.1	152.1	152.1	179.5	27.4	18.0%
Airport Operations	**236.1**	**243.1**	**245.1**	**253.1**	**253.1**	**283.5**	**30.4**	**12.0%**
COMMERCIAL MANAGEMENT								
Aviation Properties	14.0	14.0	14.0	14.0	14.0	15.0	1.0	7.1%
Airport Dining & Retail	11.2	11.2	12.2	12.2	9.2	9.2	-3.0	-24.6%
AV Commercial Management	4.0	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	4.0	0.0	0.0%
AV Commercial Mgmt & Analysis	2.0	2.0	2.0	2.0	2.0	3.0	1.0	50.0%
Airport Office Building Mgmt	7.2	7.0	7.0	8.1	11.1	11.1	3.0	36.9%
Utilities	4.0	4.0	6.0	6.0	6.0	6.0	0.0	0.0%
Commercial Management	**46.4**	**46.2**	**49.2**	**50.3**	**50.3**	**52.3**	**2.0**	**4.0%**
AVIATION SERVICES								
Airport Director's Office	10.0	8.0	8.0	8.0	8.0	9.0	1.0	12.5%
Customer Service	39.2	36.2	38.2	40.2	40.2	42.2	2.0	5.0%
Airport Innovation	6.0	5.0	5.0	5.0	5.0	6.0	1.0	20.0%
Capital Dev Prog Mgmt	8.0	8.0	8.0	9.0	9.0	9.0	0.0	0.0%
Fire Department	101.0	106.0	108.0	109.0	109.0	111.0	2.0	1.8%
Planning	6.0	5.0	5.0	5.0	5.0	6.0	1.0	20.0%
Airport Security	212.0	183.5	183.5	184.5	183.4	184.4	-0.1	0.0%
Maintenance	435.0	440.0	445.0	470.0	470.0	484.0	14.0	3.0%
Aviation Project Management	70.0	62.9	63.9	63.9	63.9	63.9	0.0	0.0%
Capital Development Program		21.0	23.0	26.0	26.0	27.0	1.0	3.8%
Aviation F&B	17.0	17.0	18.0	18.0	18.0	20.0	2.0	11.1%
Aviation Environmental	19.0	19.0	20.0	20.0	21.0	21.0	1.0	5.0%
Noise	7.0	7.0	8.0	8.0	8.0	8.0	0.0	0.0%
Total Aviation Services	**930.2**	**918.6**	**933.6**	**966.6**	**966.6**	**991.6**	**24.9**	**2.6%**
FACILITIES								
Facilities & Infrastructure	26.0	26.0	28.0	30.0	31.0	36.0	6.0	20.0%
AV Signage	6.0	6.0	6.0	7.0	7.0	8.0	1.0	14.3%
Aviation Building Department	8.0	8.0	9.0	9.0	9.0	10.0	1.0	11.1%
Total Facilities	**40.0**	**40.0**	**43.0**	**46.0**	**47.0**	**54.0**	**8.0**	**17.4%**
TOTAL AVIATION DIVISION	**1,252.78**	**1,247.91**	**1,270.91**	**1,316.03**	**1,316.97**	**1,381.37**	**65.34**	**5.0%**

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 2024 Budget to the 2025 Budget.

CHANGES IN FTEs		
2025 Proposed Budget FTEs	**FTEs**	%
2024 Approved Budget - funded FTEs	**1,316.03**	
2024 Changes in FTEs during the year		
2024 FTE transfer to Central Services	(1.00)	
2024 mid-year FTE additions - new FTEs	6.00	
Other FTE adjustments during 2024	(4.06)	
2024 Mid-year Changes in FTEs	**0.94**	**0.1%**
FTEs in 2025 Baseline Budget BEFORE Budget Requests	**1,316.97**	
New FTEs in the 2025 Budget - strategic functions	**64.40**	**4.9%**
FTEs in Proposed Aviation 2025 Budget	**1,381.37**	**5.0%**
Note: incremental % changes compared to FTEs funded in the 2024 Approved Budget		
2025 Budget - Summary of FTE changes.xlsx		

TABLE IV-21: AVIATION NEW STAFFING

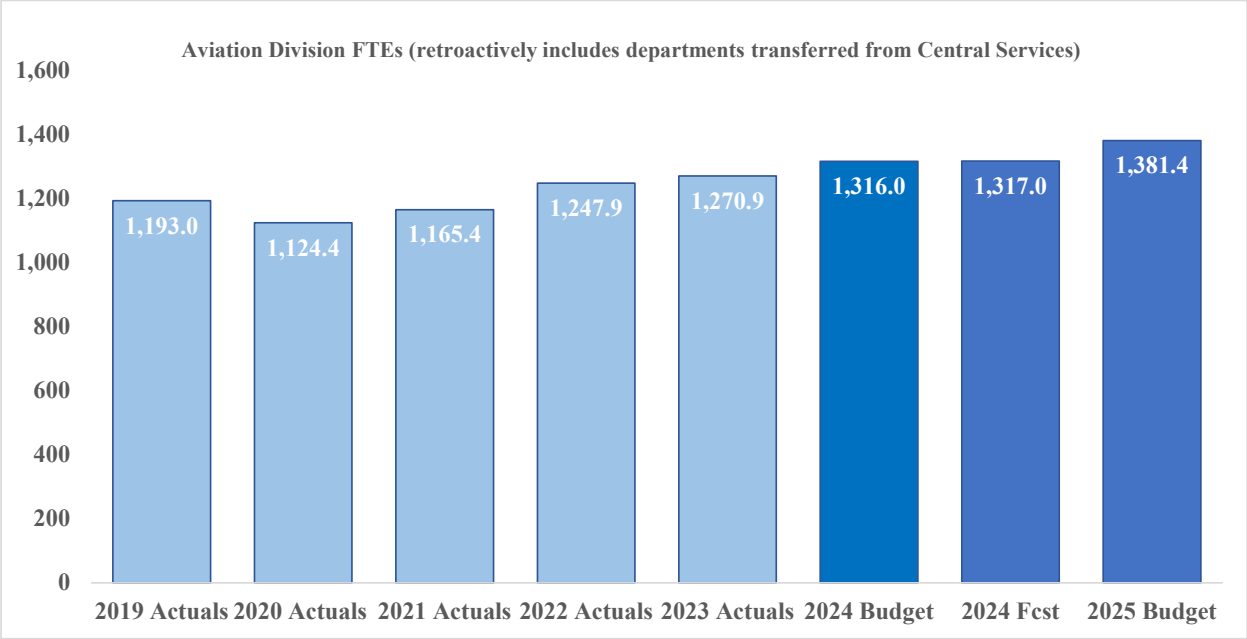
The tables below provide a detailed listing of the new FTEs to be added in the 2025 Budget to achieve key initiatives.

Department Name	ORG	Position Title	FTEs	2025 Budget Impact
Airfield Operations	3320	Manager, Airport Ops (Technology & Training)	1	$ 113,260
Airport Director's Office	4100	Art Program Manager	1	113,260
AV Building Dept	4570	Building Inspector/Plans Examiner	1	89,695
AV Business & Properties	3610	Business Analyst, Technology	1	98,664
AV Commercial Mgmt	3680	Manager, Aviation Commercial Management Project Development	1	113,260
AV Facilities & Infrastructure	4560	Architect	1	99,664
AV Facilities & Infrastructure	4560	Assist. Manager, Mechanical	1	122,736
AV Facilities & Infrastructure	4560	Engineer, Assets	1	98,664
AV Facilities & Infrastructure	4560	Engineer, Electrical	1	98,664
AV Facilities & Infrastructure	4560	Structural Engineering Manager	1	133,159
AV Facilities & Infrastructure	4561	Signage & Wayfinding Specialist	1	83,223
AV Security Administration	3340	Manager, Public Safety & Security Program	1	113,260
Aviation Finance & Budget	4540	Principal Financial Analyst	2	212,991
Aviation Planning	4530	Senior Planner	1	98,664
Combined Communication	3830	Assistant Manager, ACC	1	96,814
Combined Communication	3830	Operations Controller, ACC - $42/hr	1	69,878
Customer Communications	4240	AV Storytelling Video/Graphics	1	84,189
Customer Care	4230	Volunteer Specialist	1	77,339
Electric & Electronic Sys	4594	Automated Control Specialist	2	194,558
Electric & Electronic Sys	4594	Foremen, Electronic	2	208,135
Facility, Fleet, Sys & Grounds	4593	Laborer Group 3	3	238,742
Fire Dept	4400	Firefighter A	2	188,048
Innovation	4120	Business Analyst	1	98,664
Janitorial Services	4596	AVM FSCM Assistant Manager	1	89,695
Janitorial Services	4596	AVM FSCM Program Manager	1	104,646
Landside Operations	3412	Landside Business Analyst	1	77,339
Landside Operations	3412	Landside Supervisor (Parking)	1	96,814
Maint Asset Mgt & Logistics	4592	AVM Inventory Specialist	1	64,543
Maint Asset Mgt & Logistics	4592	AVM Inventory Specialist	1	64,543
Maint Asset Mgt & Logistics	4592	AVM Senior Systems Analyst	1	98,664
Maint Asset Mgt & Logistics	4592	BIM Analyst	1	99,664
Maint Asset Mgt & Logistics	4592	Sr. Admin Assistant	1	77,339
Program Controls	4620	Business Analyst, Technology	1	98,664
Subtotal Steer FTEs			39	$ 3,717,442.47
Landside Operations	3412	Landside Supervisors	3	407,796
Landside Operations	3412	Landside Assistant Manager	1	147,740
Landside Operations	3440	Bus Drivers	20	1,515,097
Landside Operations	3412	Landside Senior Admin	1	106,668
Subtotal Potential New Initiatives			25	$ 2,177,301.00
Ground Transportation	3450	Cruise Transportation Coordinators	0.4	48,175
Other			0.4	$ 48,175.00
Grand Total			**64.4**	**$ 5,942,918**

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 2025–2029 calls for spending of $4.7B. Five mega projects account for $2.1B of the spending which include Baggage Recapitalization/Optimization, Main Terminal Improvements, C Concourse Expansion, S Concourse Evolution, and SEA Gateway. 11 projects totaling $362M spending through 2029 were proposed for inclusion as "business plan prospective." A total of $246M is included for the preliminary planning and design of the Sustainable Airport Master Plan (SAMP). A total of $576M 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 2025 budget to adjust the cash-flow to reflect projects' spending trends.

TABLE IV-22: AVIATION PROPOSED CIP

	Cash Flows (Figures in $000s)						
	2024	2025	2026	2027	2028	2029	2025 - 29 TOTAL
Mega Projects							
S Concourse Evolution	25,407	114,775	168,628	180,043	178,273	226,317	868,035
Baggage Optimization	58,942	74,655	90,351	103,540	107,184	83,099	458,829
SEA Gateway	159,612	156,409	80,829	49,916	-	-	287,153
C Concourse Expansion	62,238	142,789	110,285	20,394	-	-	273,467
Main Terminal Improvement	1,242	7,831	13,542	12,953	70,792	72,837	177,955
Subtotal - Mega Projects	**307,440**	**496,458**	**463,635**	**366,845**	**356,249**	**382,253**	**2,065,440**
Other Capital Projects	362,945	540,037	452,142	243,002	162,009	107,208	1,504,398
SAMP Preliminary Planning / Design	21	6,717	36,000	53,500	77,500	72,500	246,217
Proposed New Projects	14,692	29,733	84,847	83,175	85,344	78,961	362,060
CIPs Reserves	-	15,000	26,000	124,638	195,000	215,000	575,638
Subtotal	**377,658**	**591,486**	**598,989**	**504,315**	**519,853**	**473,669**	**2,688,312**
CIP Cashflow Adj Reserve	-	(166,955)	66,782	100,173	-	-	-
Total Proposed CIP	**685,098**	**920,989**	**1,129,406**	**971,333**	**876,102**	**855,922**	**4,753,752**

- Five mega projects account for $2.1B.
- Proposing 11 new projects totaling $362M spending through 2029.
- Budget includes place-holder spending for undefined future projects (called “CIPs Reserves”) in amount of $576M.
- Proposing Sustainable Airport Master Plan (SAMP) preliminary planning/design spending of $246M through 2029 ($300M approved total in the airlines Signatory Lease and Operating Agreement). $45M is projected from 2030 through 2032.
- 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	2024	Cash Flows (Figures in $000s) 2025	2026	2027	2028	2029	2025 - 29 TOTAL
Construction Authorized (Status 5-6)							
Baggage Optimization	58,942	74,655	90,351	103,540	107,184	83,099	458,829
SEA Gateway	159,612	156,409	80,829	49,916	-	-	287,153
C Concourse Expansion	62,238	142,789	110,285	20,394	-	-	273,467
Post IAF Airline Realignment	19,568	45,075	65,247	12,565	-	-	122,887
Widen Arrivals Roadway	23,732	16,832	18,174	19,108	-	-	54,115
Subtotal	324,092	435,759	364,887	205,522	107,184	83,099	1,196,451
Other Construction Authorized Capital Projects	288,472	349,057	168,121	39,034	3,271	977	560,461
Total - Construction Authorized	**612,565**	**784,816**	**533,008**	**244,556**	**110,455**	**84,076**	**1,756,912**
Design Authorized (Status 4)							
S Concourse Evolution	25,407	114,775	168,628	180,043	178,273	226,317	868,035
IWTP Program	376	2,418	59,115	42,993	31,206	-	135,732
Parking Garage Rehabilitation	545	1,020	2,564	10,333	12,342	12,308	38,567
Subtotal	26,328	118,213	230,306	233,369	221,821	238,625	1,042,334
Other Design Authorized Capital Projects	27,638	97,745	74,948	31,483	4,742	482	209,400
Total - Design Authorized	**53,966**	**215,958**	**305,254**	**264,852**	**226,563**	**239,107**	**1,251,734**
Pending Authorization (Status 2-3)							
2026-2030 AFLD PVMNTS	109	17,527	76,108	76,845	78,547	75,807	324,834
Main Terminal Improvement Prog	1,242	7,831	13,542	12,953	70,792	72,837	177,955
SAMP Preliminary Planning / Design	21	6,717	36,000	53,500	77,500	72,500	246,217
Subtotal - Pending	1,372	32,075	125,650	143,298	226,839	221,144	749,006
Other Pending Capital Projects	17,196	40,096	72,712	93,815	117,245	96,594	420,462
Total - Pending Authorization	**18,568**	**72,170**	**198,362**	**237,113**	**344,084**	**317,738**	**1,169,468**
Subtotal	**685,098**	**1,072,944**	**1,036,624**	**746,522**	**681,102**	**640,922**	**4,178,114**
CIP Reserves	**-**	15,000	26,000	124,638	195,000	215,000	575,638
CIP Cashflow Adj Reserve	-	(166,955)	66,782	100,173	-	-	-
Grand Total	**685,098**	**920,989**	**1,129,406**	**971,333**	**876,102**	**855,922**	**4,753,752**

Descriptions of Capital Projects:

- Baggage 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.
- 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.
- Post IAF Airline Realignment: Relocate United Airlines domestic operations from concourse A to concourse B. This allows for airlines with international flights to use the vacated international capable gates on concourse A.
- Widen Arrivals Roadway: Widen the approach to the Arrivals curbside area from two to three lanes.
- S Concourse Evolution: Upgrade systems, reprogram the public facing areas, and add duty free, retail, and dining opportunities.
- IWTP Program: Install a pre-treatment system and upgrade the existing systems at Industrial Waste Treatment Plant.
- Parking Garage Rehabilitation: Provide architectural, fire suppression, mechanical/HVAC, medium voltage power, storm drainage, and structural/seismic improvements necessary to extend the asset life of the facility and meet current code requirements.

- 2026-2030 Airfield Pavement Replacement: Provide budget for annual replacement of aging airfield pavement and supporting infrastructure.
- 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.
- SAMP – Preliminary Planning: this project is preliminary planning and design for Sustainable Airport Master Plan (SAMP).
- 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

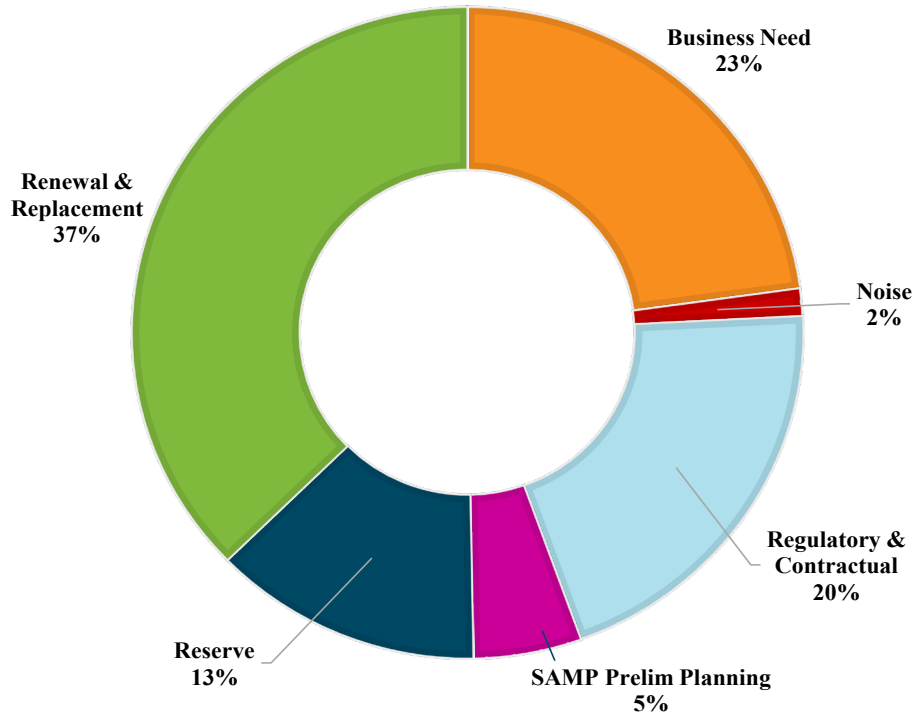
					Cash Flows (Figures in $000s)							
Justification	Category	CIP	Description	Cost Estimate	2024	2025	2026	2027	2028	2029	2025-2029 Total	Total Cashflows
Asset Stewardship	Renewal Replacement	C801379	2026-2030 Airfield Pavements	390,000	109	17,527	76,108	76,845	78,547	75,807	324,834	390,000
Business Need	Business Need	C801427	Terminal ADR Shell &Core Renov	10,200	60	1,495	1,455	2,239	2,777	2,174	10,140	10,200
Regulatory	Regulatory	C801422	Elevator Lobby 2 Way Communications	9,952	-	170	1,482	3,300	4,020	980	9,952	9,952
Asset Stewardship	Renewal Replacement	C801377	STS Replacement	9,000	315	6,300	2,362	-	-	-	8,662	8,977
Regulatory	Regulatory	C801420	ASL replacement	8,250	6,076	63	-	-	-	-	63	6,139
Business Need	Business Need	C801436	Property Purchase Escrow Deposit	6,000	6,000	-	-	-	-	-	-	6,000
Asset Stewardship	Renewal Replacement	C801439	South STS Employee Screening Relocation	5,150	13	906	3,440	791	-	-	5,137	5,150
Asset Stewardship	Renewal Replacement	C801429	STS Standpipe Upgrades	1,971	719	1,252	-	-	-	-	1,252	1,971
Asset Stewardship	Renewal Replacement	C801440	Upper Drive Handrail	1,520	300	1,220	-	-	-	-	1,220	1,520
Asset Stewardship	Renewal Replacement	C801441	Bagwell Drive Improvements	1,200	400	800	-	-	-	-	800	1,200
Business Need	Business Need	C801428	DMC West Tract C	700	700	-	-	-	-	-	-	700
			Total	**443,943**	**14,692**	**29,733**	**84,847**	**83,175**	**85,344**	**78,961**	**362,060**	**441,809**

- A total of 11 projects were approved through the Aviation Investment Committee.
- 2026-2030 Airfield Pavement Replacement: Provide budget for annual replacement of aging airfield pavement and supporting infrastructure.
- Terminal ADR Shell & Core Renovation: Prior to tenant design, demolish the space and provide a "vanilla shell".
- Elevator Lobby 2-way Communications: Add two-way communications to all elevators for cod requirements.
- Satellite Transit System Replacement: Replace end-of-life STS vehicles, rehabilitate structures of the current STS tunnels, and construction of a new north pedestrian connector.
- Automated Screening Lanes Replacement: Remove Automated Screening Lanes (ASLs) at checkpoints 2 and 3 and revert to traditional lanes.
- Property Purchase Escrow Deposit: Escrow deposit requirement for potential property acquisition.
- South STS Employee Screening Relocation: Relocate South employee screening checkpoint to the South STS level.
- STS Standpipe Upgrades: Bring the STS dry fire standpipe systems up to operational standards.
- Upper Drive Handrail: Add guardrails to the Upper Drive to prevent trip hazards.
- Bagwell Drive Improvements: Improve Bagwell ramp for safety.
- DMC West Tract C: Purchase 20,000 sf parcel from the city of Des Moines to enhance accessibility and overall developability of the Des Moines Creek West project.

TABLE IV-25: 2025-2029 CAPITAL SPENDING FORECAST BY CATEGORY

Category	Number of Projects	Total 5-Year Cash Flow ($ in 000's)
Regulatory & Contractual	26	$964,101
Renewal & Replacement	67	$1,770,806
Business Needs	66	$1,083,888
Noise	5	$64,289
SAMP Design Pre-approval in SLOA Agreement	6	$246,217
Reserves & Allowances	12	$614,500
TOTAL	**182**	**$4,743,800**

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



Excludes other divisions' projects funded by the airport

- **Renewal Replacement** projects include Airfield Pavement, Main Terminal Low Voltage, Conc HVAC renewal & replacement, and Parking Garage Rehabilitation.
- **Business Needs** include SEA Gateway, C Concourse Expansion, 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. 188th Tunnel Lighting.

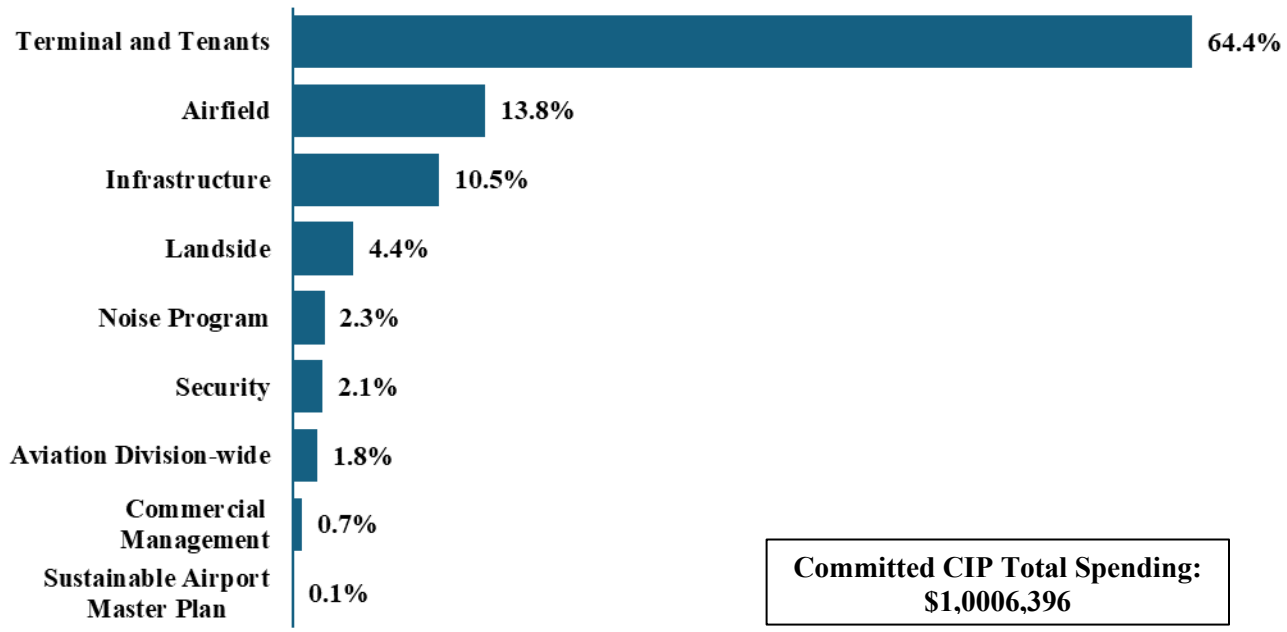
TABLE IV-26: AVIATION CAPITAL BUDGET SUMMARY

($ in 000's)	2025 Budget	2025-2029 CIP	% of 2025 Total Committed
Committed Capital Projects			
Terminal and Tenants	$ 648,056	$ 2,297,774	64.4%
Infrastructure	105,614	367,466	10.5%
Airfield	138,439	170,843	13.8%
Landside	43,818	135,696	4.4%
Noise Program	22,952	60,976	2.3%
Aviation Division-wide	18,036	30,581	1.8%
Security	21,623	25,038	2.1%
Commercial Management	7,143	9,227	0.7%
Sustainable Airport Master Plan	717	717	0.1%
Total Committed	**$ 1,006,396**	**$ 3,098,317**	**100.0%**
Business Plan Prospective Projects	**$ 81,547**	**$ 1,655,435**	
CIP Cashflow Adjustment Reserve	**$ (166,955)**	**$ -**	
Total CIP	**$ 920,989**	**$ 4,753,752**	

CAPSUM.xlsx

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
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[4]	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	25,371	10.5%	31,521	10.2%	417,124	-8.6%
2024 Budget	26,457	4.3%	32,726	3.8%	425,033	1.9%
2024 Forecast	26,134	3.0%	31,647	0.4%	448,408	7.5%
2025 Budget	26,737	2.3%	32,341	2.2%	464,103	3.5%
Annualized Growth Rate						
2015 - 2025		2.4%		2.7%		3.4%
2020 - 2025		21.6%		10.1%		0.5%

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 2025.xlsx

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V. MARITIME

MARITIME DIVISION

A. 2025 BUDGET SUMMARY

TABLE V-1: MARITME CASH FLOW SUMMARY

($ in 000's)		2025	Percent of Total
SOURCES OF CASH			
Operating Revenues		118,111	74.2%
Interest Receipts		8,653	5.4%
Proceeds from Bond Issues		-	0.0%
Grants and Capital Contributions		1,060	0.7%
Tax Levy		31,188	19.6%
Other Receipts		141	0.1%
Total		**159,152**	**100%**
USES OF CASH			
Expenses from Operations:			
Total Operating Expenses		103,453	38.1%
Debt Service:			
Interest Payments	10,315		3.8%
Bond Redemptions	11,570		4.3%
Total Debt Service		21,885	8.1%
Other Expenses		20,097	7.4%
Public Expense		(3,000)	-1.1%
Capital Expenditures		128,898	47.5%
Total		**271,334**	**100%**
			CASHFLW.xlsx

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

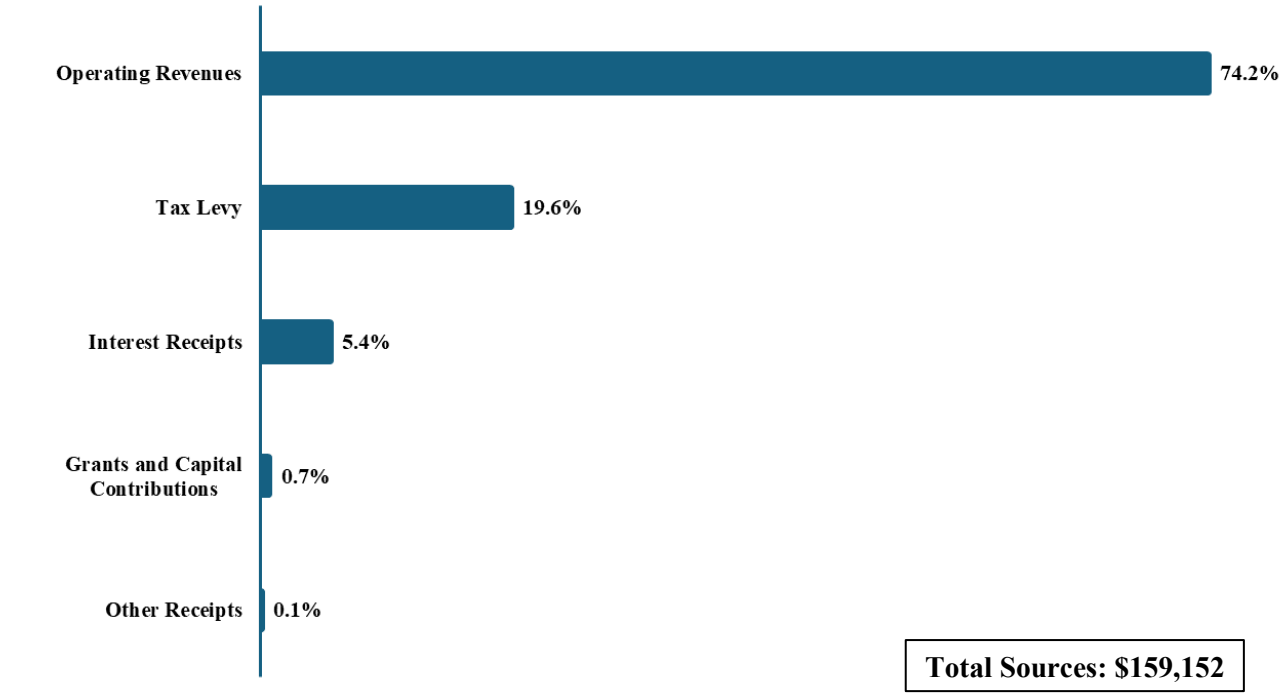
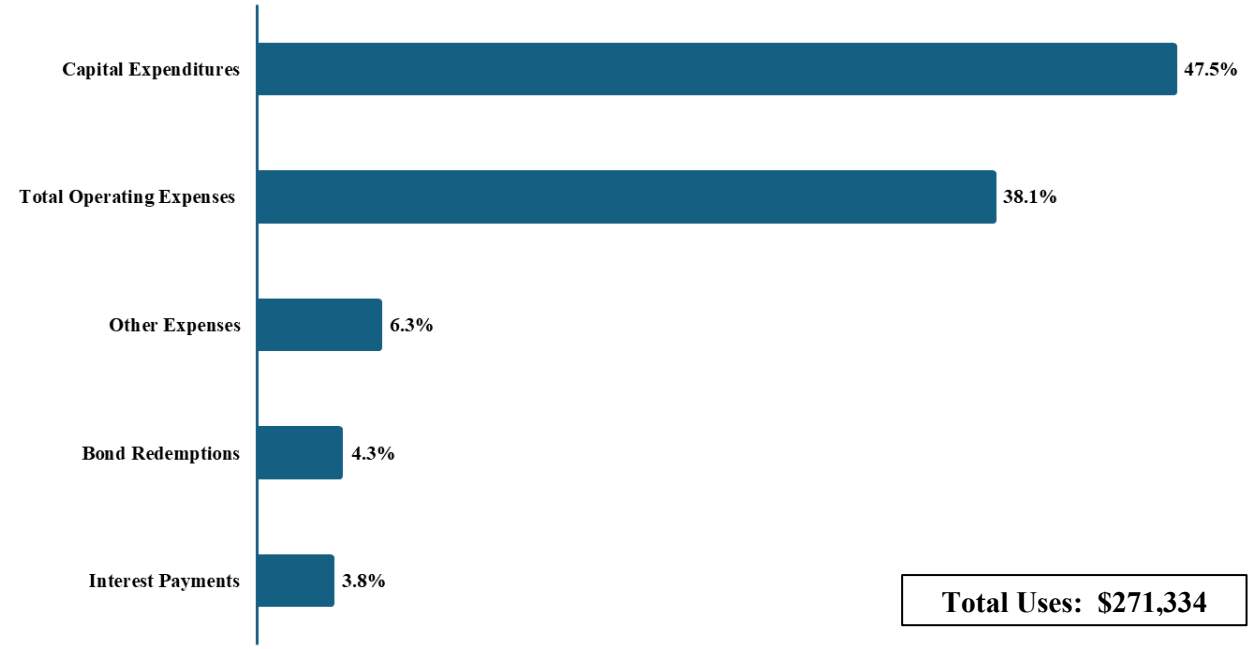


FIGURE V-2: MARITIME USES OF CASH
($ in 000's)



B. FINANCIAL FORECAST

TABLE V-2: MARITIME FINANCIAL FORECAST

($ in 000's) OPERATING BUDGET	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2025-2029 Compound Growth
Operating Revenue		$ 89,265	$ 99,648	$ 107,671	$ 118,111	$125,501	$130,949	$137,295	$143,294	5.0%
Total Operating Revenues		**89,265**	**99,648**	**107,671**	**118,111**	**125,501**	**130,949**	**137,295**	**143,294**	**5.0%**
Total O&M Expenses w/o Pension Credit		**81,654**	**93,596**	**100,171**	**103,453**	**111,664**	**117,247**	**121,937**	**126,814**	**5.2%**
DRS Pension Credit		(2,561)	(3,850)	-	-					NA
Total O&M Expenses with Pension Credit		**79,093**	**89,746**	**100,171**	**103,453**	**111,664**	**117,247**	**121,937**	**126,814**	**5.2%**
NOI Before Depreciation (with Pension Credit)		**10,172**	**9,902**	**7,500**	**14,658**	**13,837**	**13,702**	**15,358**	**16,480**	**3.0%**
Total Depreciation Expense		21,923	22,421	21,548	21,913					
NOI After Depreciation (with Pension Credit)		**(11,751)**	**(12,519)**	**(14,048)**	**(7,255)**					
										Total 2025-2029
Total Capital Budget	1)	**$ 21,052**	**$ 28,071**	**$ 105,326**	**$ 128,898**	**$ 142,404**	**$ 187,726**	**$ 113,611**	**$ 33,004**	**$ 605,643**

MABPFOR.xslx

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 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 and begin implementing Parks Management Strategy.
- Expand Shore Power.
- Develop and implement Sustainable Fleet Strategy.
- Continue to advance Maritime diversity in hiring strategy to encourage the next generation of maritime industry workers.
- 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 Portfolio Asset Management properties.
- Advance the hybrid workplace and shepherd capital improvement projects at Pier 69 Headquarters.

DIVISION DESCRIPTION:

Maritime Division is comprised of several major business groups: Cruise Operations, Recreational Boating, Fishing and Operations, Pier 69 Facilities and Portfolio Asset Management. Additionally, the division includes service groups such as Maritime Marketing, Security, Marine Maintenance, Maritime Environment and Sustainability, Maritime Innovation 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 (Terminal 91) and Bell Harbor Cruise Terminal (Pier 66) 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's Portfolio and Asset Management provides comprehensive property management including leasing, tenant improvements, maintenance, and asset management of 4 million square feet of commercial retail, office, industrial warehouse and yard and conference facilities while promoting environmental sustainability initiatives. This includes operating the Maritime Industrial Center and leasing Terminal 86, a fully automated grain terminal. It also optimizes the performance of the Bell Harbor International Conference Center (BHICC) through strategic planning, financial oversight, and stakeholder engagement.

INDUSTRY ASSESSMENT:

Cruise

A finding in the 2024 State of the Cruise Industry report by Cruise Lines International Association forecasts global industry growth of 10% from 2024 through 2028. 2025 is expected to exceed 2023 and 2024 sailings levels due to the addition of a new ship making 12 calls during the season. The forecast for 2026 and beyond anticipates more sailings than 2025. The 2023 and 2024 seasons had average occupancies at pre-pandemic levels that exceeded 100%, and it is reasonable to assume that ship occupancies will continue to be strong in 2025 and beyond.

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 5% lower in 2025 from 2024 budget. After a challenging 2023 from reduced demand from China, we have seen volumes rebound in 2024. Per LDC, it is highly unpredictive 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 generated 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") at Duwamish River People's Park and Shoreline Habitat. We entered into a credit sale agreement in Q2 of 2024 netting the port $40M+ in non-operating revenue over the next few years.

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.

Commercial Properties

The post-pandemic return to office workplace strategy is ambiguous and in-flux, 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. The flood of office space since the pandemic has brought the demand for office space down and thus a decrease in rental rates with fewer companies looking for office space.

The industrial market in the Puget Sound region remains tentatively stable with major international and domestic challenges such as multiple hikes in gas prices and interest rates, inflation, and tech layoffs. Seattle's growing population is a boost for local consumption. Regional trade with Asia has helped keep industrial demand consistent for the past decade. However, more recently trade with China, our largest trade partner, is fluctuating due to tariffs and China looking to other markets. Port pricing and locations have kept occupancy rates over the 90% level.

Conference and Event Centers

The regional conference marketplace is 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.

Post pandemic, there has been a shift towards hybrid events that combine in person and virtual, leading to reduction in business travel and conferencing. Competitor loss leading pricing is also a challenge.

The Port's investment in a modernized facility and the completion of the Waterfront transformation will increase the distinction and desirability of our waterfront location and amenities.

BUSINESS ASSESSMENT:

Cruise

The total number of 2024 actual revenue passengers was similar to 2023. The 2024 budget assumed a scenario with 100% occupancy for sailings (pre-pandemic levels were assumed at 104%). Many of the sailing occupancies during peak season were above 100%. Sailings for 2024 were down compared to vessel calls in 2023, but the high average occupancies led to similar total passenger levels. The 2025 budget assumes a higher number of vessel sailings due to the addition of a new ship with 12 calls and a higher average occupancy scenario of 104%.

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 2025 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 2025. 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.

Major trends that can be anticipated to impact the real estate sector in 2025

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.

Commercial Properties

Preference for hybrid work has led businesses to reassess space needs causing downsizing and resulting in reduced levels of leased office occupancy.

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 and Asset 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.

Conference and Event Centers

Bell Harbor International Conference Center (BHICC) has largely been a 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 has traditionally contributed to the Port's bottom line.

BHICC 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, fulfilling 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.

Post pandemic business has reduced travel budgets, eliminated some meetings, and relied more on virtual content. Despite revenue increasing over 2023, meetings and events are seeing lower-than-expected attendance, an overall lower spend and increasing operating expenses.

Pier 69 Facilities Management

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 $40-50 million of activity through 2029. An additional $20-40 million of activity is programmed from 2030 through 2042. This ongoing investment will be required to maintain the effectiveness, efficiency, and resilience of our Class A office.

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

- Ability for Alaska communities to accommodate increased growth of cruise passengers, especially during the early and late periods into the expanding season.
- The current berth capacity does not meet preferred weekend demand.
- Cruise terminals require updates to remain competitive on operations and customer experience.
- Conflicting demands for shared Port facilities.
- Increase in regulatory restrictions for cruise operations in Washington and Alaska.
- 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 and cruise lines.
- Leadership in Green Port initiatives.
- Contracts for terminal operations ending in the near-term.
- Strong tourism, infrastructure terminal locations.

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.

P69 Facilities Challenges and Opportunities

- Building systems 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.
- Flexible work arrangements could yield leasable space that generates new revenue.

- Future construction projects will provide opportunities for WMBE businesses.
- Partnerships with the ferry agencies.
- Partnerships to improve last-mile transit options.

Portfolio and Asset Management Challenges

Commercial Properties

- Changing work patterns disrupting demand for office space and occupancy.
- Regional construction & transportation project impacts to leasing, safety and accessibility.
- Ongoing vandalization, thefts and public safety concerns.
- Increasing operational expenses (utilities, permits, materials, maintenance).
- Port policies and regulations impact efficiency and market competitiveness.
- Aging assets demand more repair and replacement attention and reinvestment capital.
- Property leasing challenging due to traffic, lack of public transportation, parking challenges, and lack of amenities.
- Expense and time commitments related to implementing energy conservation initiatives (renewable natural gas, EV charging, energy management system, etc.).

Conference and Event Centers

- Parking capacity and cost at Pier 91, Smith Cove Conference and Event Center is very limited and inconveniently located. Also, public transportation to the site remains limited.
- Construction, particularly that which impacts Alaskan Way and the immediate surrounding area, will impact access to Pier 66. The upcoming Elliot Bay Connections walking and bike path will also impact accessibility during construction.
- Hiring experienced labor and retaining well-trained team members continues to be a hurdle, pushing wages, creative incentives, and additional benefits to higher levels.
- BHICC faces a robust supply of meeting and event space in the city. Competition is lowering prices and waiving contract minimums 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.
- The overall meeting and event industry continues to struggle to return to pre-pandemic levels. Many businesses have cut corporate travel budgets, and some meetings and events are using virtual content.

Portfolio and Asset Management Opportunities

Commercial Properties

- Properties located in desireable areas for maritime and industrial users.
- Industrial real estate market remains stable.
- Experienced diversed team with expertise in Property Asset Management.
- Completion of city waterfront development and back to office initiatives should increase hospitality, retail/office opportunities.
- Coordinated asset and infrastructure improvements to be ready for: maritime future uses (T91, MinC, etc.) and 2026 FIFA World Cup (Pier 66, Wayfinding, Elliott Bay Connections).
- Support sustainability initiatives such as green leasing, electric vehicle charging stations, energy management system, etc.
- Support equity WMBE and Small Business initiatives via service contracts (brokerage, janitorial, etc) and renew/add new WMBE and Small Business leases.

Conference and Event Centers

- 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.
- Aggressive and innovative Marketing promotions to create new opportunities and new forms of business meetings and social events.
- Smaller local organizations are ramping up trainings and collaboration meetings.
- Leveraging partnerships with nearby hotel properties has proven successful in some market segments which have previously skipped Seattle due to higher prices.
- 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.

Marine Maintenance Challenges

- High demand for represented craft labor, limiting flexibility and driving up costs.
- Limited availability for some skilled trades.
- 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.
- Exploring areas for implementing predictive maintenance standards.
- Formulating a strategy for implementing International Organization Standardization (ISO).

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 2025.
- 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 2025 Maritime Division Budget is based on the following assumptions:

- Cruise forecasts 104% occupancy rate and a sailing schedule based on tentative berth reservations.
- Grain volume is budgeted at 3.5 million metric tons based on forecast from tenant, 5% decrease from 2024 budget.
- Recreational Marinas occupancy rate budgeted remain steady from previous years at Shilshole Bay Marina.
- Portfolio and Asset Management Commercial Building Properties target an occupancy of 90% or greater at year-end 2025.
- Conference and Event Center expected budget revenues decrease due to challenges from new competitors' loss leading pricing and lower attendance stemming from post-pandemic reductions in business travel and conferencing. Although the gross revenue is similar to post pandemic values, higher operating expenses has decreased the overall net revenue.
- Salaries and benefits are forecasted using the 2025 budget guidelines of 5.0 % average pay 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 $10.4M above 2024 budget and $18.5M better than 2023 actuals.
- Cruise revenues are increasing from a combination of rates, larger vessels and return to 104% occupancy.
- Bulk Terminals decrease is based on feedback from Louis Dreyfus Company at Terminal 86.
- Portfolio Asset Management revenue increase driven by escalated rent and commencement of rent for the T106 Trammell Crow Company (TCC) warehouse lease.
- Fishing and Operations revenues increase in 2025 from increased proposed tariff rates.
- Recreational Boating revenue is budgeted 11% higher due to adjusting moorage rates to 80th percentile of market improved occupancy.

TABLE V-3: MAJOR REVENUE CHANGES

($ in 000's) Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	Change 2024 Bud - 2025 Bud	% Change 2024 Bud - 2025 Bud
REVENUE						
Cruise Operations	$ 30,469	$ 41,726	$ 41,057	$ 50,037	$ 8,981	21.9%
Bulk Terminals	5,792	3,356	5,191	5,034	(157)	-3.0%
Fishing & Operations						
Elliott Bay Fishing & Comm Ops	5,975	6,564	5,731	6,010	279	4.9%
Ship Canal Fishing and Operations	4,592	5,076	4,984	5,600	616	12.4%
Portfolio & Asset Management						
Central Harbor Mgmt Group	8,791	10,465	10,363	9,779	(585)	-5.6%
Conference & Event Centers	8,914	6,738	11,156	9,151	(2,005)	-18.0%
Foreign Trade Zone	25	35	20	15	(5)	-25.0%
Maritime Portfolio Management	10,550	10,263	12,697	14,212	1,514	11.9%
Property Management & Leasing	-	-	-	-	-	NA
Recreational Boating						
Shilshole Bay Marina	12,960	14,416	15,376	17,233	1,857	12.1%
Other Marinas	1,018	1,088	1,091	1,040	(52)	-4.7%
Parks/Other 1)	179	(80)	4	0	(4)	-100.0%
Total Revenue	**$ 89,265**	**$ 99,648**	**$ 107,671**	**$ 118,111**	**$ 10,440**	**9.7%**

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

TABLE V-4: MARITIME REVENUE BY ACCOUNT

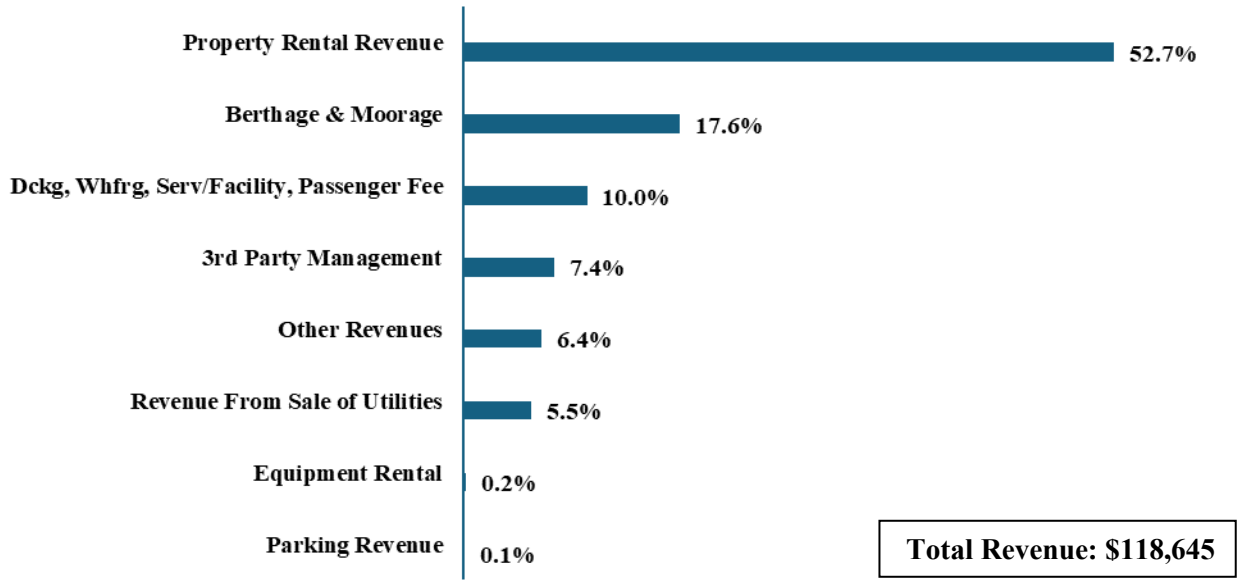
($ in 000's) Revenue by Account	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Revenue						
Dckg, Whfrg, Serv/Facility, Passenger Fee		$ 6,433	$ 10,153	$ 9,163	$ 11,920	27.2%
Equipment Rental		298	341	287	291	1.4%
Berthage & Moorage		16,248	17,858	18,788	20,828	11.4%
Parking Revenue		110	111	106	141	32.0%
Revenue From Sale of Utilities		4,738	4,835	5,012	6,580	32.4%
Property Rental Revenue		49,476	56,007	60,078	62,549	4.4%
3rd Party Management		8,578	6,324	10,671	8,773	-30.0%
Other Revenues		4,029	4,863	4,199	7,561	69.1%
Total Operating Revenue	1)	**$ 89,910**	**$ 100,492**	**$ 108,304**	**$ 118,645**	**10.3%**

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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 $0.9M or 1.0% from 2024. The increase is due to (1) Increased wage and salary rates, (2) Annualization of prior year new FTEs, (3) Funding for planning, and is largely offset by decreases in equipment and utilities expenses.

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

($ in 000's) Expense by Account	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Expense						
Salaries, Wage, Benefits & Worker's Compensation		$ 40,350	$ 47,334	$ 52,889	$ 55,907	5.7%
Equipment Expense		2,296	2,490	3,114	2,870	-7.8%
Utilities		9,687	9,489	10,101	9,585	-5.1%
Supplies & Stock		2,068	2,612	2,201	2,372	7.8%
Outside Services		7,943	9,689	11,675	11,262	-3.5%
Travel & Other Employee Expenses		423	709	1,185	1,248	5.3%
Promotional Expenses		146	201	365	378	3.5%
Other Expenses		11,409	11,835	13,868	13,273	-4.3%
Total O&M without Environmental		**74,323**	**84,359**	**95,397**	**96,894**	**1.6%**
Enivormental Remediation Liablity Expense		79	2,975	-	-	NA
Total O&M with Environmental		**74,402**	**87,334**	**95,397**	**96,894**	**1.6%**
Charges to Capital/Govt/Envrs Projects		(4,662)	(5,412)	(7,457)	(8,090)	8.5%
Total O&M Expenses w/o Pension Credit		**$ 69,739**	**$ 81,922**	**$ 87,939**	**$ 88,804**	**1.0%**
DRS Pension Credit		(2,065)	(2,569)	-	-	NA
Total O&M Expenses with Pension Credit	1)	**$ 67,674**	**$ 79,354**	**$ 87,939**	**$ 88,804**	**1.0%**

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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)

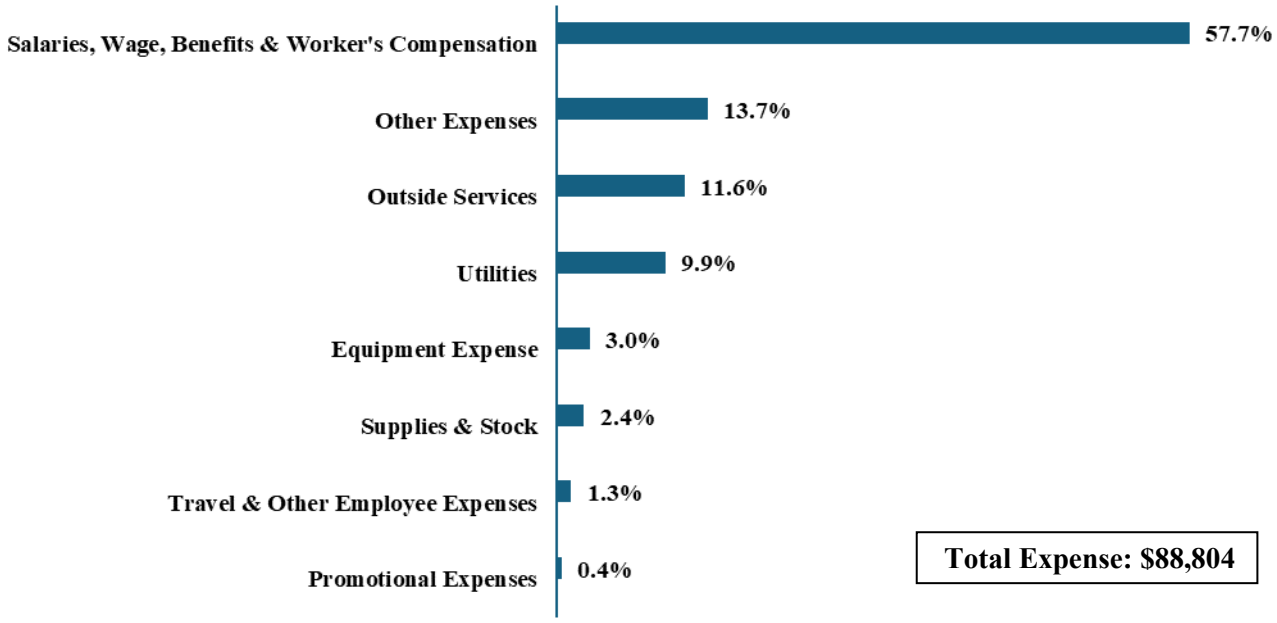


TABLE V-6: MARITIME REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT

($ in 000's) BY BUSINESS GROUP/DEPARTMENT	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
REVENUE						
Bulk Terminals		$ 5,792	$ 3,356	$ 5,191	$ 5,034	
Cruise Operations		30,411	41,678	41,002	49,977	
Fishing & Operations		10,515	11,420	10,693	11,602	8.5%
Recreational Boating		13,908	15,504	16,464	18,273	11.0%
Maritime Environment & Sustainability		69	192	-	-	
Marine Maintenance		1,149	1,159	965	830	-13.9%
P69 Facilite]eis Management		-	1	-	-	
Portfolio Management		28,067	27,183	33,989	32,928	-3.1%
Recreational Boating		13,908	15,504	16,464	18,273	
Total Operating Revenue		**89,910**	**100,492**	**108,304**	**118,645**	**9.5%**
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS/PROJECTS						
Business Groups:						
Bulk Terminals		77	34	56	43	
Cruise Operations		4,723	5,665	6,014	7,798	29.7%
Fishing & Operations		4,998	5,040	5,793	5,283	
Portfolio Management		15,047	14,329	18,907	17,217	-8.9%
Recreational Boating		3,788	4,077	4,356	4,719	
Total Business Group Expense		**28,634**	**29,145**	**35,126**	**35,059**	**-0.2%**
Service Groups and Other:						
Maritime Environment & Sustainability		4,980	6,046	7,488	7,818	
Maritime Finance		1,874	2,254	3,182	3,256	
Marine Maintenance		25,605	30,246	31,887	33,103	
Maritime Marketing		598	840	1,225	1,250	
Maritime Security		2,177	2,413	2,724	3,247	
P69 Facilities Management		1,438	1,639	1,815	1,638	
Waterfront Project Management		4,871	7,357	9,936	9,114	-8.3%
Maritime Division Management		868	1,352	1,718	2,265	
Maritime Envr Remediation Liability		79	2,975	-	-	
Maritime Habitat Initiatives		22	30	0	3	
Parks		214	336	296	140	-52.6%
Other		977	131	-	-	
Total Services Expense		**43,702**	**55,620**	**60,271**	**61,835**	**2.6%**
Total Expenses Before Charges to Cap/Govt/Envrs Projects	1) & 2)	**72,336**	**84,765**	**95,397**	**96,894**	**1.6%**
CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS		**(4,662)**	**(5,412)**	**(7,457)**	**(8,090)**	**8.5%**
OPERATING & MAINTENANCE EXPENSE						
Business Groups:						
Bulk Terminals		77	34	56	43	-22.7%
Cruise Operations		4,767	5,741	6,014	7,798	29.7%
Fishing & Operations		5,209	5,260	5,793	5,283	-8.8%
Portfolio Management		15,235	14,523	18,907	17,217	-8.9%
Recreational Boating		3,985	4,302	4,356	4,719	8.3%
Total Business Group Expense		**29,273**	**29,861**	**35,126**	**35,059**	**-0.2%**
Service Groups and Other:						
Maritime Environment & Sustainability		4,013	5,049	6,110	5,782	-5.4%
Maritime Finance		1,842	2,203	2,859	2,802	-2.0%
Marine Maintenance		25,075	29,721	30,789	31,982	3.9%
Maritime Marketing		636	885	1,225	1,250	2.0%
Maritime Security		2,206	2,443	2,724	3,247	19.2%
P69 Facilities Management		1,479	1,687	1,815	1,638	-9.8%
Waterfront Project Management		2,535	4,836	5,278	4,635	-12.2%
Maritime Division Management		930	1,438	1,718	2,265	31.8%
Maritime Envr Remediation Liability		79	2,975	-	-	NA
Maritime Habitat Initiatives		21	21	0	3	417.9%
Parks		214	456	296	140	-52.6%
Other		1,436	348	-	-	NA
Total Services Expense		**40,466**	**52,062**	**52,814**	**53,745**	**1.8%**
Total O&M Expenses w/o Pension Credit	3)	**69,739**	**81,922**	**87,939**	**88,804**	**1.0%**
DRS Pension Credit		(2,065)	(2,569)	-	-	NA
Total O&M Expenses with Pension Credit		**$ 67,674**	**$ 79,354**	**$ 87,939**	**$ 88,804**	**1.0%**

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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 321.5 FTEs for 2025, an 8.4% increase compared to the 2024 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	2022 Actual	2023 Actual	2024 Budget	2024 Est. Act.	2025 Proposed Budget	# Change 2024 Bud-2025 Bud	% Change 2024 Bud-2025 Bud
Waterfront Project Management		38.0	39.0	40.0	40.0	40.0	0.0	0.0%
Cruise Operations	1	4.0	4.0	4.0	4.0	5.0	1.0	25.0%
Marine Maintenance	2	145.0	150.0	152.0	152.0	155.0	3.0	2.0%
Maritime Division Management	3	5.0	7.0	7.0	8.0	9.0	2.0	28.6%
Maritime Marketing		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Recreational Marinas & Commercial Operations		41.5	41.5	42.5	42.5	42.5	0.0	0.0%
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		21.5	21.5	21.5	21.5	21.5	0.0	0.0%
Ship Canal Fishing & Operations		11.0	11.0	12.0	12.0	12.0	0.0	0.0%
Maritime Environment & Sustainability	4	23.0	26.0	27.0	27.0	28.0	1.0	3.7%
Seaport Finance		15.0	17.0	17.0	17.0	17.0	0.0	0.0%
Portfolio & Asset Management	5				13.0	13.0	13.0	NA
P69 Facilities Management	6				5.0	5.0	5.0	NA
Stormwater Utility		3.0	4.0	4.0	4.0	4.0	0.0	0.0%
TOTAL MARITIME DIVISION		**277.5**	**291.5**	**296.5**	**315.5**	**321.5**	**25.0**	**8.4%**

FTE.XLS

Notes:

1) Cruise Operations will add a Technical & Environmental Manager.
2) In 2023, 5.0 FTEs were added (MM Facilities Manager II, Landscaper, 2 Clean team members, Laborer) and 2.0 FTEs (Facilities Asset ISO Specialist, Auto Machinist) were added in 2024. For 2025, 3.0 FTEs (Plumber, Sheet Metal Worker, Automotive Machinist) will be added.
3) Maritime Division Management added 1.0 (Innovation Manager) transfer from Economic Development.
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. In 2024, an Administrative Assistant was added. For 2025, a Sr Program Manager will be added.
5) Portfolio & Asset Management with 13.0 FTEs were transferred from Economic Development Division.
6) P69 Facilities Management with 5.0 FTEs were transferred from Economic Development Division.

F. MARITIME CAPITAL BUDGET

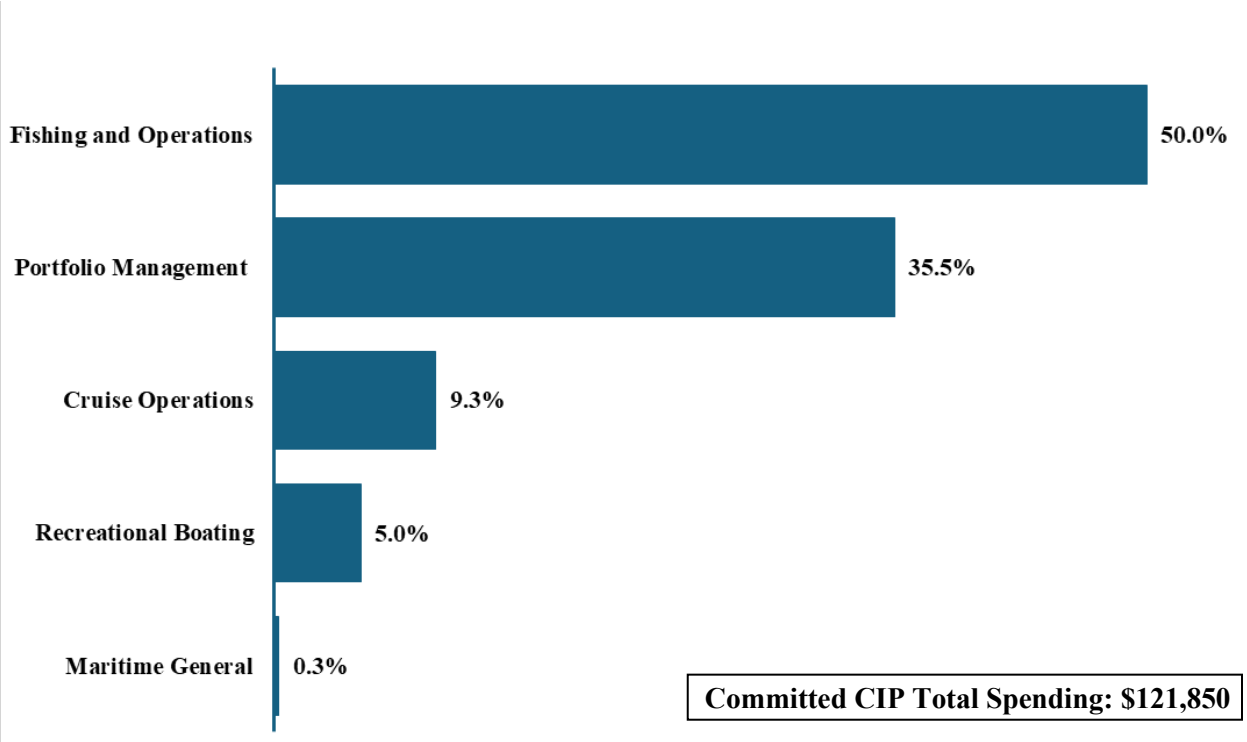
TABLE V-8: MARITIME CAPITAL BUDGET SUMMARY

($ in 000's)	2025 Budget	2025-2029 CIP	% of 2025 Total Committed
Committed Capital Projects			
Fishing and Operations	$ 60,897	$ 79,039	50.0%
Portfolio Management	43,302	141,606	35.5%
Cruise Operations	11,274	26,765	9.3%
Recreational Boating	6,046	8,097	5.0%
Maritime General	331	331	0.3%
Total Committed	**$ 121,850**	**$ 255,838**	**100.0%**
Business Plan Prospective Projects	**$ 42,024**	**$ 349,805**	
CIP Cashflow Adjustment Reserve	**$ (34,976)**	**$ 0**	
Total CIP	**$ 128,898**	**$ 605,643**	

CAPSUM.xlsx

FIGURE V-5: MARITIME COMMITTED CAPITAL BUDGET

($ in 000's)



G. MARITIME DIVISION OPERATING STATISTICS

TABLE V-9: MARITIME OPERATING STATISTICS

	Cruise Ship Sailings		Cruise Passengers		Grain	
Year	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	291	-2%	1,778,193	36%	2,678,895	-39.0%
2024 Budget	276	-5%	1,660,000	-7%	3,730,000	39.2%
2025 Budget	299	8.3%	1,924,000	15.9%	3,540,000	-5.1%

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VI. ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT DIVISION

A. 2025 BUDGET SUMMARY

TABLE VI-1: ECONOMIC DEVELOMENT CASHFLOW SUMMARY

($ in 000's)		2025	Percent of Total
SOURCES OF CASH			
Operating Revenues		3	0.0%
Interest Receipts		147	1.1%
Proceeds from Bond Issues		-	0.0%
Grants and Capital Contributions		25	0.2%
Tax Levy		13,631	98.4%
Other Receipts		50	0.4%
Total		**13,856**	**100%**
USES OF CASH			
Expenses from Operations:			
Total Operating Expenses		3,890	97.8%
Debt Service:			
Interest Payments	-		0.0%
Bond Redemptions	-		0.0%
Total Debt Service		-	0.0%
Other Expenses		87	2.2%
Public Expense		-	0.0%
Total		**3,977**	**100%**
			CASHFLW.xlsx

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

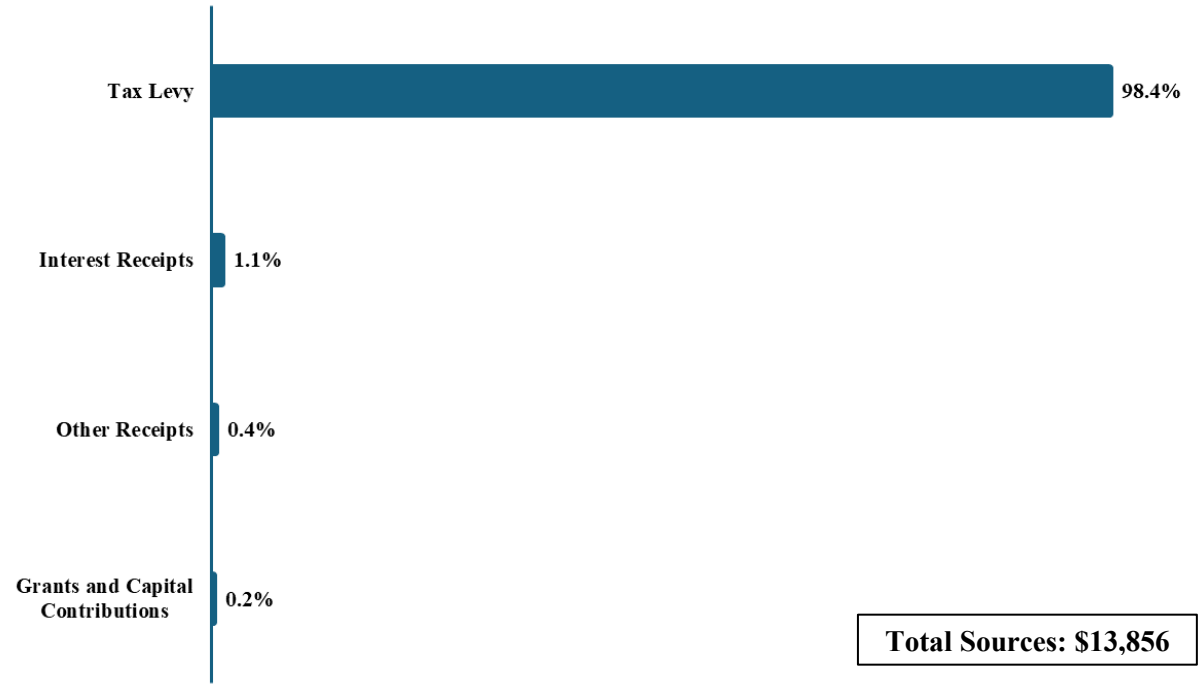
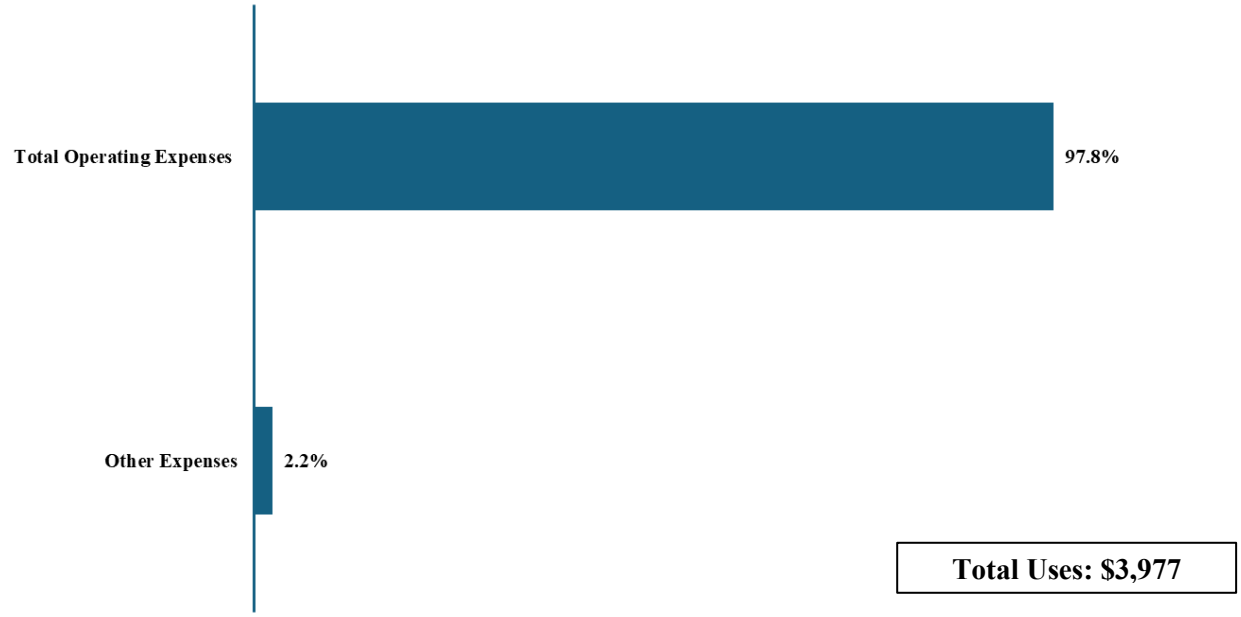


FIGURE VI-2: ECONOMIC DEVELOMENT USES OF CASH
($ in 000's)



B. FINANCIAL FORECAST

TABLE VI-2: ECONOMIC DEVELOPMENT FINANCIAL FORECAST

($ in 000's) OPERATING BUDGET	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2025-2029 Compound Growth
Operating Revenue		$ 69	$ (24)	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	0.0%
Total Operating Revenues		**$ 69**	**$ (24)**	**$ 3**	**$ 3**	**$ 3**	**$ 3**	**$ 3**	**$ 3**	**0.0%**
Total O&M Expenses w/o Pension Credit		**2,102**	**3,351**	**3,087**	**3,890**	**4,097**	**4,261**	**4,388**	**4,520**	**3.8%**
DRS Pension Credit		(464)	(967)	-	-	-	-	-	-	NA
Total O&M Expenses with Pension Credit		**1,638**	**2,385**	**3,087**	**3,890**	**4,097**	**4,261**	**4,388**	**4,520**	**3.8%**
NOI Before Depreciation (with Pension Credit)		(1,569)	(2,408)	(3,084)	(3,887)	(4,094)	(4,258)	(4,385)	(4,517)	**3.8%**
Total Depreciation Expense		11	12	10	8					**-100.0%**
NOI After Depreciation (with Pension Credit)		**(1,580)**	**(2,420)**	**(3,094)**	**(3,894)**	**(4,094)**	**(4,258)**	**(4,385)**	**(4,517)**	**3.8%**

EDBPFOR.xslx

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:

- 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.
- 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 access 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
- Leverage Port's position in global tourism to benefit Washington's tourism industry through influential B2B channels it wouldn't otherwise have access to.
- Identify and activate global markets with potential for greatest ROI on visitor spending
- Work with Aviation department to drive passengers on global routes with greatest capacity for growth
- Host vetted travel trade and travel media members on fam trips in partnership with Visit Seattle and SWT**,** attend top-level tourism industry conferences, and conduct in-person sales missions with key decision-makers who can drive visitation through SEA
- Support responsible, inclusive tourism with education, resources and financial assistance throughout Washington's tourism industry.

Real Estate Development and Asset Management
- Redevelop Port properties and lead acquisition efforts for strategic aviation and maritime supportive properties. This effort is designed to maximize use and flexibility and (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.

Economic Development and Innovation Partnerships
- Support regional efforts 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.
- Help 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 four 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.

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.

Tourism Development

The Tourism Development department drives visitor-related spending to Seattle and Washington State related to the Port's aviation and cruise businesses. Working through global business-to-business channels in the travel industry, the department promotes SEA as a premier US gateway for international visitors and works to attract visitors who stay longer, spend more, and help all Washingtonians feel the positive impacts tourism can bring. Tourism Development also manages the Tourism Marketing Support Program which provides grants to tourism partners and the Spotlight advertising program and SEA.

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.

<u>Economic Development Partnership Program</u>
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
ULI's 2024 Emerging Trends survey for all property types show a marked decline of the Industrial market to levels not seen in decades. This follows consecutive cycles of nearly a decade of growth which has contributed to the Port's balance sheet with the completion of the 750K two-story logistics warehouse at T106. The main driver for industrial real estate in the Puget Sound region is Boeing and aerospace generally. Boeing has pulled back due to various manufacturing accidents and labor crises. While logistics warehousers like Amazon continue to build and rent industrial space, their demand does not make up for the absence of a market leader like Boeing which has significantly pulled back from doing any real estate moves in recent months.

Vacancy rates, which have been at historic lows in recent years are steadily climbing as industrial space is given back to the market at the same time new produce is being build that was planned and permitted when appetites were more robust. One bright spot in this market move from the Port's perspective is the market for new and smaller warehouse and industrial space (like what we are setting up to build at T91 Uplands, which is proving resilient in a market place that is giving back space that is older and larger.

Office as a sector has stabilized but the shift in remote work has also stabilized, meaning that re, 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 regional office market continues to struggle with high levels of negative net absorption and surging vacancy. Seattle regional office vacancy rates continue to climb (13.97% in Q4 of 2023 and 15.10% in Q1

of 2024). Tech layoffs and hybrid work policies continue to contribute to the downsizing of office footprints with high regional office vacancy. The high vacancy has impacted rent growth in the region with Seattle having negative cumulative rent growth. The search for a post-pandemic new normal will continue.

The regional economy faces numerous challenges in 2025 especially with regional inflation levels being above national averages and with high interest rates. Per the Puget Sound Economic Forecaster, regional CPI for 2023 was 5.3% with a moderating inflation forecast of 2.4% for 2024 and 2.2% for 2025.

Seattle industrial vacancy rate has risen faster than the national average. The increasing vacancy is driven by new projects creating vacant space and some large sublease blcks becoming vacant. The Port continues to monitor this industrial market.

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 Contacting'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 2025, 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 they 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 2024 and will continue to pay dividends in 2025 as we continue to build upon that foundation. By positioning the Port as a key strategic partner with these organizations, we can maximize the impact of each organization and minimize duplication of efforts while driving positive results for all. Through these partnerships, the Port can support tourism-related businesses statewide by doing what they cannot do for themselves when it comes to amplifying Washington's story across the globe.

Through its relationship with SWT, the Port now has in-market representation in the key markets of UK/Ireland, Australia, Germany, France/Benelux, and Japan/South Korea. In 2025, we will pursue additional opportunities in with additional opportunities in 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. Strategically leveraging our global industry relationships allows the Port - and Washington as a whole – to make the most of an overall budget that is a fraction of the nationwide state average.

Destination stewardship and responsible travel will also continue to have a larger presence in the Port's programs. In addition to providing support and education to our local DMO partners, the Port is focused on attracting visitors who share Washingtonians passion for protecting its assets by amplifying the benefits of tourism while minimizing negative impacts. All our efforts within the industry and community strive to showcase the importance of diversity, equity 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 has been reinvigorated to further support the Port's environmental and EDI priorities and is currently in the middle of a new two-year grant cycle which will allow partners to more greatly advance Port priorities.

The opportunity to build towards a better future for Seattle, Washington, the tourism industry, and the environment is a long-term organizational goal for the Port of Seattle. 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.

In 2025, we seek to build upon the solid foundation we've built with our industry partners to increase visitor-related spending and helping all Washingtonians feel the positive impacts of a robust tourism economy.

Economic Development and Innovation Initiatives

Economic Development Partnership Grant Program

Market Analysis and Assessment
Over the past eight years (2016 – 2024), city grant partners have implemented projects that advanced economic diversification, local business development, company attraction, planning and feasibility studies, tourism, and workforce development.

The Economic Development Partnership (EDP) program continues to serve as a cornerstone program for building positive alliances and partnerships with King County cities to advance economic development broadly across the region. During COVID-19, EDP grants provided key and critical resources to cities during the pandemic and often helped anchor assistance to local businesses during challenging times. Now that much of the federal and state COVID-related resources are expiring at the end of 2024, the EDP grant remains to be an impactful resource cities may access for launching innovative initiatives to support small businesses or sustaining support for ongoing business assistance resources.

New for 2024, Port staff team implemented changes to better support smaller cities and established a greater emphasis for equity-driven metrics.

More Support for Smaller Cities
Port staff increased grants for smaller cities from $5,000 to $10,000. Additionally, changes to the city's required match allowed up to 50% of funds to come from in-kind resources such as staff time. Port staff recognizes that funding may be more difficult to come by for smaller cities. This change reduces the barrier for smaller cities' participation as long as there is a staff member able to carry out the projects/initiatives.

Equity Driven Metrics Defined
Port staff implemented defined metrics to measure participation of Women Minority-Owned Businesses and Enterprises (WMBE) across all economic development programs and initiatives. Cities were able to select the metrics that can be measured within their programs or initiatives.
Collecting uniform metrics will allow Port staff to aggregate data to understand the collective impacts of our investment in supporting equitable economic development.

Connection to 2025 Port-Wide Goals
The Port of Seattle Economic Development Partnership grants continue to drive equitable economic development partnerships and build positive partnerships with King County cities. The grant supports economic areas including: small business technical assistance, business recruitment, business retention/expansion, tourism, buy local/placemaking, workforce development, and planning/feasibility studies.

In the 2024 grant cycle, the Port of Seattle awarded about $785,000 million to 26 cities in King County. Staff intend to request reauthorization of funding in 2025 for a two-year grant cycle to better align with city's biennial budgeting processes.

Community Business Connector Program

Market Analysis and Assessment

The Port of Seattle entered partnership with the Seattle Metropolitan Chamber of Commerce to codesign a Community Business Connector (CBC) pilot program to create a network of trusted organizations and referral networks. The network includes nine contracted organizations, equipped with language and cultural skills, to help connect small businesses to resources such as access to capital, business planning, marketing/technology services, and regulatory/permitting information.

In 2023, the CBC program provided services to more than 700 small businesses in 31 cities in King County. Nearly 80% of the businesses who received support through the CBC program reported they were either a women-owned or minority-owned business. Many of these businesses reported challenges with decreased revenues, increased costs to operating a business, and reduced staffing capacity. The everyday challenges for small businesses still persist.

So far in 2024, nearly 650 businesses have received businesses assistance and more than 70% of these businesses were women or minority-owned businesses. Nearly 25% of businesses who received business assistance requested assistance in a language other than English – Spanish, Vietnamese and Korean were among the most common requests.

In 2025, Port staff plan to continue the partnership for another two-year period to offer sustained support to small businesses.

International Public Market Feasibility Study

Market Analysis and Assessment

In 2024, the Port of Seattle and King County completed a feasibility study to explore the potential for an International Public Market in South King County to support tourism and entrepreneurship for small businesses. Community engagement and surveys showed that more than 25% of participants would be interested in vending at a space like this and 75% of participants would be interested in shopping or attending events.

Port staff and King County presented to the Burien and SeaTac city councils this year. The next steps require a city to host this concept and provide initial funding to support the development of this concept. The Port and King County intend to remain engaged in conversations but will not be leading this project beyond the feasibility study.

Greater Seattle Export Accelerator

Market Analysis and Assessment

In 2023-2024, the Port of Seattle joined Greater Seattle Partners (GSP) to launch a Greater Seattle Export Accelerator (GSEA) program focused on providing advanced export training, export advising services, and access to international trade opportunities for STEM/R&D-focused small businesses in Snohomish, King and Pierce County. More than 35 businesses received training in finance capabilities, selecting target foreign markets, and addressing supply chain needs by the leading experts in Washington State.

Greater Seattle Partners intends to launch a third cohort of this export accelerator to continue educating businesses on how to expand their markets in the coming months.

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.
- 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 Project Management capacity limited and impacts project delivery schedules.
- Capacity constraints in procurement means long contracting intervals.

Opportunities:

- New SEA Real Estate 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.
- New FTE available to expand work of division.
- New Infrastructure and Environmental Federal Grants available to support development goals.
- Partnership with Burien on Aviation maintenance facility.

Threats:

- Washington's Environmental review bottleneck hampers construction schedules.
- Continued inflation and interest rate pressure impacts project cost and feasibility.
- Limited opportunities to purchase real estate due market pressures.
- New pressures for upzoning industrial lands.
- 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.

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:

- Key gateway for international arrivals and Alaska cruises.
- Strong partnerships with local DMOs and travel industry.
- New Tourism team establishing itself in the industry.
- Embrace of EDI, destination stewardship and responsible travel.

Weaknesses:

- Slow reaction times to opportunities due to long and/or complex internal processes for contracting and paying invoices.
- Lack of clear and comprehensive branding and digital resources for travel trade.
- Lack of familiarity with the destination in global markets.

Opportunities:

- Leverage global industry relationships to keep our destination top-of-mind.
- Position the Port as industry leader in EDI through grants, partnerships and projects.
- Expanding market share in key international markets.

- Appeal of food, music, cruise, coffee, nature in an "authentic" destination.

Threats:
- Continued staffing issues across hospitality industry.
- Real and perceived negative impacts of tourism (esp. cruise) on the environment.
- Homelessness, crime tarnishing Seattle's brand.
- Strong competition for traveler dollars from destinations with larger marketing budgets.

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.

Assumptions

The 2025 Economic Development Division Budget is based on the following assumptions:

- Economic Development Partnership and Tourism Grants are expected to continue.
- Salaries and benefits are forecasted using the 2025 Budget guidelines of 5% average annual pay increase.
- 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 2025 Budget

Economic Development will continue the Economic Development and Tourism Grant programs. In addition, 2025 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.

Operating Expense Drivers

Total Economic Development Division operating expenses are budgeted to increase $1.2M or 14.6% from the 2024 budget primarily driven by an increase in payroll and outside services.

TABLE VI-3: ECONOMIC DEVELOPMENT EXPENSES BY ACCOUNT

($ in 000's) BY ACCOUNT	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Total Operating Revenue		**$ 4**	**$ 17**	**$ 3**	**$ 3**	0.0%
Expense						
Salaries, Wage, Benefits & Worker's Compensation		$ 2,582	$ 3,033	$ 3,363	$ 3,813	13.4%
Equipment Expense		15	10	29	21	-27.8%
Utilities		8	9	15	7	-53.3%
Supplies & Stock		4	4	6	6	0.0%
Outside Services		1,819	4,046	3,622	4,393	21.3%
Travel & Other Employee Expenses		171	130	228	235	3.1%
Promotional Expenses		215	151	242	230	-4.9%
Other Expenses		289	237	468	435	-7.1%
Total O&M Expenses Before Charges to Cap/Govt/Envrs Projects		**5,104**	**7,618**	**7,973**	**9,140**	**14.6%**
Charges to Capital/Govt/Envrs Projects		80	-	-	-	NA
Total O&M Expenses w/o Pension Credit		**$ 5,184**	**$ 7,618**	**$ 7,973**	**$ 9,140**	**14.6%**
DRS Pension Credit		(203)	(285)	-	-	NA
Total O&M Expenses with Pension Credit	1)	**$ 4,981**	**$ 7,333**	**$ 7,973**	**$ 9,140**	**14.6%**

EDBUD.xlsx

Note:
1) Does not include allocations from other divisions.

FIGURE VI-3: ECONOMIC DEVELOPMENT EXPENSE BY ACCOUNT

($ in 000's)

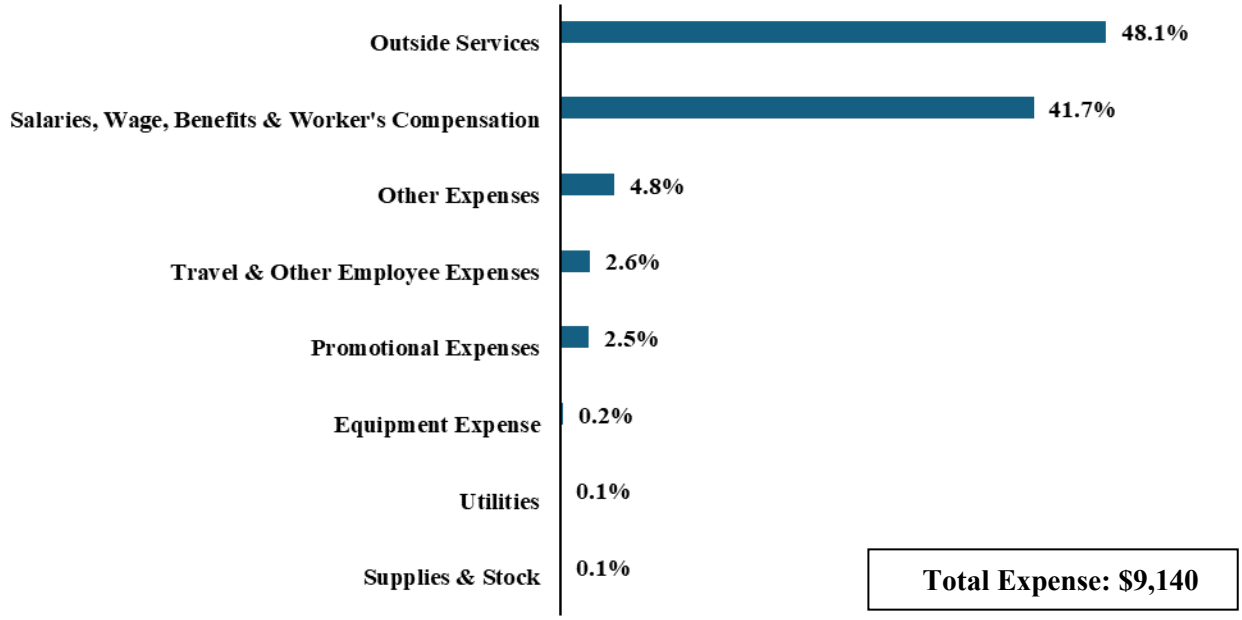


TABLE VI-4: ECONOMIC DEVELOPMENT REVENUE AND EXPENSE BY DEPARTMENT

($ in 000's) BY DEPARTMENT	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
REVENUE						
Economic Development Management		4	17	3	3	0.0%
Total Operating Revenue		**4**	**17**	**3**	**3**	**0.0%**
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS/PROJECTS						
Business Groups:						
Real Estate Dev & Planning		629	869	1,100	1,586	44.2%
Total Business Group Expense		**629**	**869**	**1,100**	**1,586**	**44.2%**
Service Groups and Other::						
Economic Development Management		1,238	3,183	2,694	3,044	13.0%
Small Business		1,308	1,796	2,304	2,356	2.3%
Tourism		1,722	1,486	1,875	2,154	14.9%
Other		3	-	-	-	0%
Total Services Expense		**4,271**	**6,465**	**6,872**	**7,553**	**9.9%**
Total Expenses Before Charges to Cap/Govt/Envrs Projects	1) & 2)	**4,901**	**7,333**	**7,973**	**9,140**	**14.6%**
CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS		**80**	**-**	**-**	**-**	**0.0%**
OPERATING & MAINTENANCE EXPENSE						
Business Groups:						
Real Estate Dev & Planning		674	919	1,100	1,586	44.2%
Total Business Group Expense		**674**	**919**	**1,100**	**1,586**	**44.2%**
Service Groups and Other::						
Economic Development Management		1,302	3,253	2,694	3,044	13.0%
Small Business		1,382	1,906	2,304	2,356	2.3%
Tourism		1,743	1,540	1,875	2,154	14.9%
Other		83	-	-	-	0.0%
Total Services Expense		**4,510**	**6,699**	**6,872**	**7,553**	**9.9%**
Total O&M Expenses w/o Pension Credit	3)	**5,184**	**7,618**	**7,973**	**9,140**	**14.6%**
DRS Pension Credit		(203)	(285)	-	-	NA
Total O&M Expenses with Pension Credit		**4,981**	**7,333**	**7,973**	**9,140**	**14.6%**

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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 18.0 FTEs, a 51.4% reduction compared to the 2024 budget. The following table outlines the Full-Time Equivalents (FTEs) in the Economic Development Division.

TABLE VI-5: ECONOMIC DEVELOPMENT STAFFING

STAFFING (Full-Time Equivalent Positions) BY DEPARTMENT	Notes	2022 Actual	2023 Actual	2024 Budget	2024 Est. Act.	2025 Proposed Budget	# Change 2023 Bud-2024 Bud	% Change 2023 Bud-2024 Bud
Economic Development Administration	1	4.0	4.0	4.0	3.0	3.0	-1.0	-25.0%
Portfolio & Asset Management	2	14.0	14.0	14.0	0.0	0.0	-14.0	-100.0%
P69 Facilities Management	3	5.0	5.0	5.0	0.0	0.0	-5.0	-100.0%
Real Estate Development & Planning		2.0	3.0	3.0	3.0	3.0	0.0	NA
Diversity in Contracting		7.0	8.0	8.0	9.0	9.0	1.0	12.5%
Tourism		3.0	3.0	3.0	3.0	3.0	0.0	NA
TOTAL ECONOMIC DEVELOPMENT DIVISION		**35.0**	**37.0**	**37.0**	**18.0**	**18.0**	**-19.0**	**-51.4%**

FTE.XLS

Notes:
1) Economic Development Administration transferred 1.0 (Innovation Manager) to Maritime Division.
2) Portfolio & Asset Management with 13.0 FTEs were transferred to Maritime Division.
3) P69 Facilities Management with 5.0 FTEs were transferred to Maritime Division.

VII. CENTRAL SERVICES

CENTRAL SERVICES

A. 2025 BUDGET SUMMARY

TABLE VII-1: CENTRAL SERVICES BUDGET SUMMARY

($ in 000's) OPERATING RESULTS	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	Change 2024 Bud - 2025 Bud	% Change 2024 Bud - 2025 Bud
Total Operating Revenue		**$ 2,538**	**$ (216)**	**$ 163**	**$ 183**	**$ 20**	**12.1%**
Central Services		141,583	166,632	180,967	196,418	15,451	8.5%
Total O&M Expenses w/o Pension Credit		**141,583**	**166,632**	**180,967**	**196,418**	**15,451**	**8.5%**
DRS Pension Credit		(6,666)	(14,479)	-	-	0	NA
Total O&M Expenses with Pension Credit		**134,917**	**152,153**	**180,967**	**196,418**	**15,451**	**8.5%**
Excess of Revenue over Expense (with Pension Credit)		**$ (132,379)**	**$ (152,369)**	**$ (180,803)**	**$ (196,235)**	**$ (15,431)**	**8.5%**
Total Capital Budget		**$ 6,276**	**$ 8,925**	**$ 17,928**	**$ 22,886**	**$ 4,958**	**27.7%**
EMPLOYMENT (TOTAL FTEs)		**902.1**	**929.7**	**945.8**	**976.8**	**31.00**	**3.3%**

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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:

- Add resources to support the Duwamish Valley Community Equity Program and South King County Community Impact Fund.
- Increase funding to support the development and deployment of zero emission maritime and aviation fuels and advance environmental sustainability of the Port and the region.
- Add resources for employee training, development, and retention.
- Add resources for Police to enhance public safety.
- Increase funding for cyber security and other infrastructure security and resilience.
- Add resources to enhance language access.
- Add resources in Workforce Development for Basic Education and Skills Training (BEST).
- Add resources to support capital programs and meet the business needs for the operating divisions.
- 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 2025 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 the general Delegation of Authority, 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, 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 though 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.

LEAD AND MANAGE STAFF:

- 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.

EXTERNAL OUTREACH AND ENGAGEMENT:

- Develop and manage effective public engagement programs; prioritize staff understanding of issues and sentiment of King County residents.
- Work with Executive and Commission Chiefs of Staff and External Relations Directors to seek out strategically significant external opportunities to provide visibility and thought leadership recognition for Executive and Commission.
- 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.
- Build and sustain public trust in the Port.

COMMUNICATIONS:

- Ensure utilization of effective communications tools to reach key audiences
- 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.

GOVERNMENT RELATIONS:

- Develop and implement government relations strategies at the local, state and federal levels. Ensure high-level understanding of Commission priorities, and Port operations and business objectives.
- Anticipate and identify emerging political issues.
- Enhance Port's political relevance.

REGIONAL TRANSPORTATION:

- Protect and enhance freight mobility network in the county, region and state.

ACCOUNTING AND FINANCIAL REPORTING:

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

REVENUE ADMINISTRATION:

- Responsible for the Port's centralized revenue operations, systems, and business processes over customer billings, accounts receivable, credit & collection, lease (lessor) accounting, and revenue recognition.

DISBURSEMENT ADMINISTRATION:

- Responsible for the Port's centralized disbursement operations, systems, and business processes over payroll, accounts payable (AP), travel & expense (T&E) programs, purchasing card (P-card) payment, and supplier management.

CAPITAL SERVICES:

- Responsible for the Port's centralized project costings and assets management operations, systems, and business processes over the entire life cycle of capital assets from acquisition (project costing), in-service (project closing, depreciation, and physical inventory), to deposition or retirement including lease (lessee) accounting and subscription-based information technology arrangements accounting.

GRANT FUND ADMINISTRATION:

- Responsible for the Port's centralized accounting and reporting of subsidies (e.g. Passenger Facility Charges (PFC)) and state and federal grants compliance with grantors' requirements.

JOINT VENTURE ACCOUNTING:

- Responsible for accounting and financial reporting of North Harbor of the Northwest Seaport Alliance (NWSA) and coordination with South Harbor for proper financial management of the NWSA.

GENERAL ACCOUNTING AND TAX ADMINISTRATION:

- Responsible for the Port's centralized operations, systems, and business processes over the general ledger including proper accounting and reporting of all financial transactions, e.g. debt, environmental remediation liability, investment, other post-employment benefits, pension, etc., development and enforcement of Port-wide accounting policies and procedures, as well as business tax administration.

FINANCIAL REPORTING AND TECHNICAL ACCOUNTING:

- Responsible for producing the Annual Comprehensive Financial Report; providing industry-prescribed accounting and financial reporting standards compliance assurance through implementation of new accounting standards and technical accounting research for unusual transactions; mitigating audit exposure through external audits facilitation and issues resolution.

ENTERPRISE RESOURCE PLANNING SYSTEMS FUNCTIONAL ADMINISTRATION AND PROJECTS DELIVERY:

- Responsible for the functional administration of the Port's major financial and payroll systems including delivery of new functionality and integration of other Port's operating systems with the financial and payroll systems.

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.
- Provide ad-hoc economic impact analysis.

BUSINESS INTELLEGENCE:

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.

- End-to-end custom customer research services including scoping and selection of survey methodology, questionnaire development, field data collection services, and reporting and insight generation.
- Facilitate growth of a data-literate, evidence-based decision-making culture at the Port; support Port's high-performance workforce goal.
- Data management process improvements that improve efficiency and give back time to staff. The digital transformation of processes leveraging enterprise grade analytics technologies such as Alteryx and Tableau.

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.

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.

EEO AND PROFESSIONAL STANDARDS

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.

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.

ORGANIZATIONAL EFFECTIVENESS:

Senior Organizational Business Partners:

- 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.
- 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.

HR Data Analytics:

- 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.

Employee Communications:

- 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.
- Support the organization in achieving improved business results through organizational and people effectiveness and HR technical support to the department and internal communications.

HR Technology:

- 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:

Talent Connections:

- 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.
- 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.
- Manage the Port's Internship Program and Veterans Fellowship Program.

Talent Acquisition:

- 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.

Talent Development & Diversity:

- 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.

TOTAL REWARDS:

Compensation:

- 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.

Benefits:

- 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.

Recognition:

- Responsible for the various recognition programs that support employee engagement by acknowledging actions and contributions that exceed what is normally expected.

Employee Records Maintenance:

- 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.

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:

Integrate Cybersecurity with Business Strategies**:**

- Cybersecurity is no longer viewed from a protective lens.

- It now has a strategic role enabling business operations, innovation, and economic growth.
- This prioritizes cybersecurity efforts in protecting the Port's critical infrastructure and business resiliency.

Risk Assessments & Incident Response:
- Perform risk assessments to identify threats and threat actors, and the probability that these factors will result in an exposure or loss to the Port. This function is performed to determine if there are configuration changes that need to be made, updates that need to be applied, and/or controls that need to be put in place to mitigate the risk.
- Incident Management, the process of identifying, managing, recording and analyzing security threats or incidents in real-time, is performed daily by Information Security. The quantity of managed incidents is based on the number of incidents that are identified each day.

Business Continuity & Disaster Recovery:
- Support the essential function of ensuring the availability and resiliency of the Port's information assets. That support includes designing and conducting exercises and coordinating with Emergency Preparedness and other regional public and private partners in business continuity planning.
- Engage with Risk Management on cyber insurance coverage, and with the Legal Department on the retention of information and assets related to potential litigation.
- Provide consultation and support to ICT and business units regarding business continuity strategies and establishes security standards related to remote system access in business continuity incidents.
- Provide dedicated professional support to the Port's 911 Center to ensure this mission critical function operates reliably and securely in emergency response situations.

Awareness Training and a Risk Aware Culture:
- User Awareness program sets clear cybersecurity expectations for all employees and educates users how to recognize attack vectors, help prevent cyber-related incidents and report potential threats. This accomplished through online training, email notifications, seminars, and other awareness campaigns. There is an ongoing effort to build a cyber risk-aware culture by leveraging the Port's values and the behaviors of its leaders and employees collectively and actively to support the enterprise-wide cyber risk management strategies.

Technology Integration and IT Security Compliance:
- Work to ensure security architecture is scalable and flexible to accommodate current and future integrations.
- Compliance program uses risk-based controls to protect the integrity, confidentiality, and accessibility of information stored, processed, or transferred. This program includes ensuring the security requirements for HIPAA, CJIS, TSA, and PCI Compliance are met. This program participates in a multitude of compliance audits.
- Perform regular audits on the mandated controls standards and participates in audits scheduled and performed by the Internal Audit team.

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 technical services including engineering analysis, design, and construction management in support of the business plans and infrastructure needs of the Port and NWSA.

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 contactors 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, trave

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 2025 budget development approach included the following steps: scrutinizing line-items by account and making appropriate adjustments to the 2024 baseline budget; adding a 5% average pay 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 2025 Budget:
The 2025 budget for Central Services is $196.4M, $15.4M or 8.5% higher than the 2024 budget. The budget before Capital Charges is $246.0M, a $18.6M or 8.2% increase from the 2024 budget. The 2025 budget includes $7.3M 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 2025 total payroll budget increased by $15.5M or 9.4% primarily due to (1) 31.0 new FTEs for 2025, (2) annualizing the pay for new FTEs approved in the 2024 budget, (3) a 5.0% average pay increase, (4) increase for represented groups based on contracts, and (5) partially offset by a 5% vacancy factor of $7.7M.

2025 non-payroll budget increased by $3.1M primarily due to a combination of increases in (1) Outside Services $2.4M, (2) Insurance Expense $1.2M, and (3) Travel & Other Employee Expenses $291K. Both the payroll and non-payroll costs are partially offset with a $3.1M or 7.0% more Charges to Capital in 2025.

TABLE VII-2: 2025 APPROVED NEW BUDGET ADDITIONS (ALL ITEMS):

A total of 76 New Budget requests for $8.9M were received. Out of the total requests received, 57 items were approved for a total of $7.3M.

Category	Purpose/Outcome	2025 Requests
Implement and support Century Agenda (CA) Goals	New Engineering Staff (7.0 FTEs), Building Information Modeling (BIM) System Support Contract, & Survey Datum & Coordinate System Updates to support the Capital Improvement plan	721,349
	Clean Fuel Policy Advocacy to support the development and deployment of zero emission maritime & aviation fuels; Advance electrification, renewable fuel infrastructure and vehicle & vessel upgrades that will address scope 3 emissions	475,000
	SEA Communications & Marketing for SEA Capital programs; Stategic Communications & Outreach for Fishermen's Terminal Capital Programs; State & Federal Grantwriting Services to enhance funding for Port infrastructure, sustainability, workforce devleopment, economic development, & environmental justice work	195,000
	Subtotal	**1,391,349**
Safety & Security	Deputy Chief to oversee the newly formed Special Operations Bureau; Homeland Security Division Officers (6.0) for on-duty tactical patrols, emergency planning & training with law enfrocement partners, & preparing for large events; K9 Unit Operations equipment to increase safety for employees & passengers at the airport and seaport	1,304,309
	Seaport Officer to support the Maritime Division; Body Worn Camera Specialist to assist in processing the videos & disclosure requests; Firearms Training & equipment to increase the capability of officers in critical events	497,068
	Cyber Safety & Security Tech to enhance cyber technologies & strategic resilience of Port cyber & public safety systems technology; Information Security Technology Lead to a assist with strategy, design, & implementation of Information Security systems & lead cyber incident response program; IT Auditor Training for rapidly evolving IT technologies and cybersecurity	309,124
	Dispatch staff (2.0) to provide essential public safety services such as answering emergency & non-emergency police, fire, and medical calls at both the aviation and seaport divisions; Crime Analyst/Intel Officer to provide critical information monitoring to inform deployment decisions, alert to threats, & help enable real-time response to crime and threat	236,462
	Risk Project Coordinator to assist in Driver Safety Program, Department of Transportation (DOT) compliance, incident & claims management; Travel & Expense & Purchasing Card Audit Automation to improve efficiency, accuracy and compliance	105,031
	Subtotal	**2,451,994**
Advance work on regional economic priorities and enhance engagement with surrounding communities	Extend the Youth Maritime Career Launch (YMCL) program to advance the Port's economic development & equity goals. YMCL will be expanded to include post-secondary technical education & more career preparation; Basic Education and Skills Training Program (I-BEST) Pilot Partnership to provide training to underserved youth	850,000
	Civil Rights Program Manager to oversee the implemention of inititatives related to Title VI; Funding for the Language Access program to provide access to services & foster a welcoming environment for all; Continued support for the South King County Community Impact Fund Multi-Cultural Liaison program, translation and interpretation services, & grass-roots nonprofit capacity building & outreach	444,794
	Sr Program Manager to support Duwamish Valley Community Equity Program including the work of the contracted Port Community Action Team & provide oversight for the DVCEP Hub & Green Jobs Program; Additional funding for the Duwamish Valley Port Community Action (PCAT)	311,265
	Subtotal	**1,606,059**
Organizational Needs and Division Priorities	AI-Powered Copilot For Microsoft 365 to boost productivity & creativity; Content Solution & Communication Engineer to train, support, & implement solutions for our growing Software as a Service (Saas) platforms; ERP Developer/Programmer II to maintain & enhance PeopleSoft systems; Machine Learning/AI Engineer to support existing AI prototypes & evaluate new ones for implementation	437,556
	Procurement Officer II (3.0) to support Aviation and Maritime environmental procurement needs, technology procurements, & capital project & SEA's art program; Procurement Workforce Analysis to determine the most efficient method to organize CPO's structure and workload management; Funding for Continuous Improvement to support the 3 year plan in Service agreements and implement assessments in other CPO groups	413,596
	Sr. Investigation Specialist to manage complex workplace responsibility processes; Continuation of Health Coverage (COBRA) third party administrator contract to meet federal requirements; HR Request/Inquiry Ticketing System for proper collection & distribution of requests, along with metrics that will provide insight on employee & customer needs; Onboarding technology for standardization of information especially in compliance with the I9 document completion & other new employee forms; HR Implementation Project Manager to oversee initiatives & coordinate resources to improve employee culture through HR programs; Additional funding for employee resource groups' initiatives to provide learning & development opportunities	378,541
	Principal Business Intelligence Data Engineer to oversee the development, implementation, & maintenance of the Port's data infrastructure; Business Intelligence Strategy Plan refresh to provide actionable framework for the Port	264,867
	Assistant Director to manage labor relations program managiement and administration of collective bargaining agreements; Risk Management department additional travel expense that would allow staff to participate in professional development	243,316
	Electronic application and web-based platform for the production of meeting agendas and meeting packets; Consulting Services to Implement Records Management & Retention-in-Place Tool	115,000
	Subtotal	**1,852,876**
Grand Total		**7,302,277**

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) By Account	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Total Operating Revenue		**$ 2,538**	**$ (216)**	**$ 163**	**$ 183**	**12.1%**
Expense						
Salaries, Wage, Benefits & Worker's Compensation		$ 125,768	$ 148,720	$ 164,994	$ 180,452	9.4%
Equipment Expense		2,982	2,400	2,688	2,568	-4.5%
Utilities		33	58	35	48	34.9%
Supplies & Stock		992	1,551	997	906	-9.1%
Outside Services		31,079	39,407	45,810	48,241	5.3%
Travel & Other Employee Expenses		1,950	2,589	3,691	3,982	7.9%
Promotional Expenses		540	1,806	1,855	850	-54.2%
Other Expenses		9,031	9,127	7,401	9,001	21.6%
Total O&M Expenses Before Charges to Cap/Govt/Envrs Projects		**172,375**	**205,657**	**227,471**	**246,048**	**8.2%**
Charges to Capital/Govt/Envrs Projects		(30,793)	(39,025)	(46,504)	(49,630)	6.7%
Total O&M Expenses w/o Pension Credit	1)	**$ 141,583**	**$ 166,632**	**$ 180,967**	**$ 196,418**	**8.5%**
DRS Pension True-Up		(6,666)	(14,479)	0	0	NA
Total O&M Expenses with Pension Credit		**$ 134,917**	**$ 152,153**	**$ 180,967**	**$ 196,418**	**8.5%**

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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)

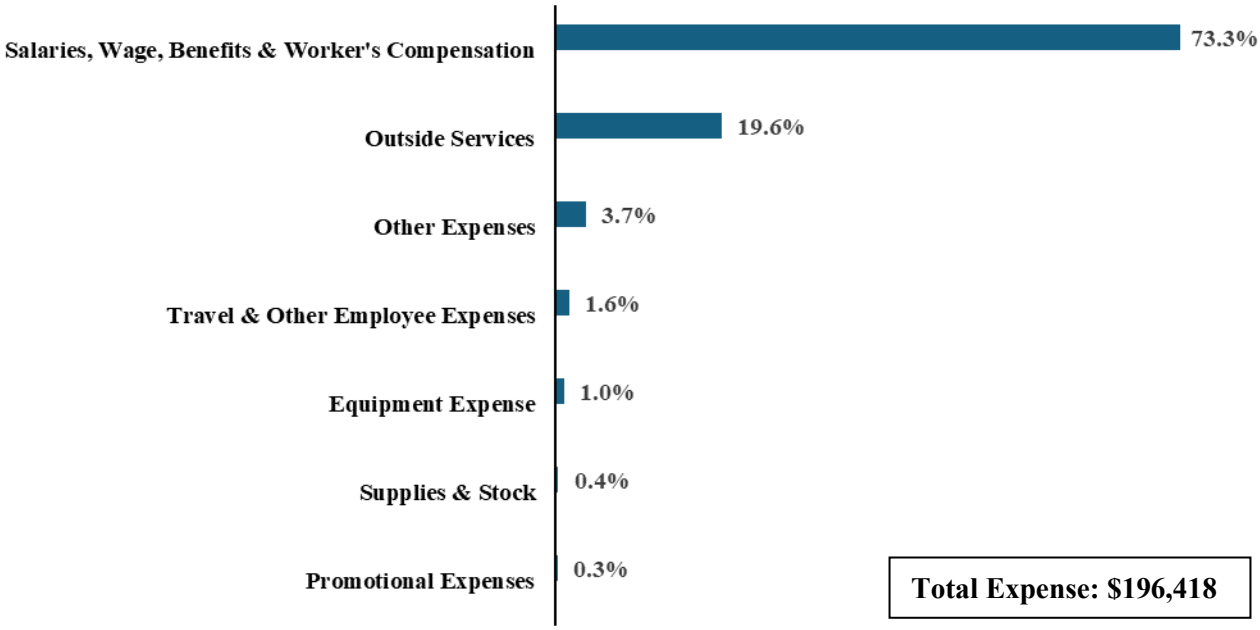


TABLE VII-4: CENTRAL SERVICES EXPENSE BY DEPARTMENT

($ in 000's) BY DEPARTMENT	Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS PROJECTS						
Commission		2,206	2,448	3,485	3,589	3.0%
Executive		2,029	3,147	3,632	2,779	-23.5%
Accounting & Financial Reporting		7,941	9,057	11,646	12,059	3.5%
Business Intelligence		1,395	1,609	2,178	2,543	16.8%
Central Procurement Office		8,565	9,707	12,459	12,894	3.5%
Engineering		25,401	33,099	44,286	51,684	16.7%
Environment & Sustainability		763	1,137	2,192	2,544	16.1%
Equity, Diversity and Inclusion		4,283	5,475	7,142	7,435	4.1%
External Relations		8,651	10,155	12,839	14,211	10.7%
Finance & Budget		2,279	2,602	3,336	3,179	-4.7%
Human Resources		11,218	13,571	17,303	17,817	3.0%
Information & Communications Technology		28,550	29,225	36,846	36,030	-2.2%
Information Security		1,595	2,073	2,926	2,993	2.3%
Internal Audit		2,406	1,944	2,224	2,267	1.9%
Labor Relations		1,085	1,292	1,621	1,933	19.2%
Legal		8,217	10,316	6,168	6,365	3.2%
Office of Strategic Initiatives	1)	893	1,291	1,508	1,557	3.3%
Police		35,066	36,422	40,538	45,860	13.1%
Port Construction Services		8,356	11,102	13,254	12,948	-2.3%
Risk Services		5,078	5,756	6,877	8,016	16.6%
Contingency	1)	(268)	(251)	(4,990)	(2,655)	-46.8%
Central Services Capital to Expense		-	-	-	-	NA
Industrial Development Corp		-	1	-	-	NA
Total Expenses Before Charges to Cap/Govt/Envrs Projects	2) & 3)	**165,710**	**191,178**	**227,471**	**246,048**	**8.2%**
CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS		**(30,793)**	**(39,025)**	**(46,504)**	**(49,630)**	**6.7%**
OPERATING & MAINTENANCE EXPENSE						
Commission		2,360	2,623	3,485	3,589	3.0%
Executive		2,218	3,307	3,632	2,779	-23.5%
Accounting & Financial Reporting		8,672	9,846	11,646	12,059	3.5%
Business Intelligence		1,496	1,740	2,178	2,543	16.8%
Central Procurement Office		6,494	7,306	9,019	9,138	1.3%
Engineering		6,654	8,254	11,739	15,685	33.6%
Environment & Sustainability		795	1,189	2,192	2,544	16.1%
Equity, Diversity and Inclusion		4,406	5,641	7,142	7,435	4.1%
External Relations		9,215	10,781	12,839	14,211	10.7%
Finance & Budget		2,499	2,868	3,336	3,179	-4.7%
Human Resources		11,921	14,580	17,303	17,817	3.0%
Information & Communications Technology		27,535	28,091	32,024	31,482	-1.7%
Information Security		1,703	2,193	2,886	2,968	2.8%
Internal Audit		2,565	2,120	2,224	2,267	1.9%
Labor Relations		1,177	1,417	1,621	1,933	19.2%
Legal		8,540	10,674	6,018	6,255	3.9%
Office of Strategic Initiatives		974	1,396	1,508	1,557	3.3%
Police		33,487	41,023	40,538	45,860	13.1%
Port Construction Services		3,939	5,987	7,749	7,758	0.1%
Risk Services		5,144	5,845	6,877	8,016	16.6%
Contingency		(268)	(251)	(4,990)	(2,655)	-46.8%
Central Services Capital to Expense		56	-	-	-	NA
Industrial Development Corp		-	1	-	-	NA
Total O&M Expenses w/o Pension Credit	4)	**141,583**	**166,632**	**180,967**	**196,418**	**8.5%**
DRS Pension Credit		(6,666)	(14,479)	-	-	NA
Total O&M Expenses with Pension Credit		**134,917**	**152,153**	**180,967**	**196,418**	**8.5%**

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Notes:
1) Contingency includes a vacancy factor of 5% of salaries, wages, and benefits for 2025.
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, training, 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 review panel. The requesting department must cover the additional mid-year FTE costs within their approved budget.

The 2024 Approved FTE budget was 945.8. Earlier this year, 1.0 FTEs was transferred from Aviation. For the 2025 Budget Process, Central Services departments submitted a total of 40.0 new FTE requests. Departments presented their budget proposals to the Executive Leadership Team (ELT) in mid-August. Out of the 40.0 requested, 34.0 new FTEs were approved by ELT. The 2025 proposed FTE Budget is 976.8 FTEs, a 3.3% increase from 2024 Budget.

TABLE VII-5: CENTRAL SERVICES STAFFING

STAFFING (Full-Time Equivalent Positions) **BY DEPARTMENT**	Notes	**2022 Actual**	**2023 Actual**	**2024 Budget**	**2024 Est. Act.**	**2025 Proposed Budget**	**# Change 2024 Bud-2025 Bud**	**% Change 2024 Bud-2025 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		18.0	19.0	19.0	19.0	19.0	0.0	0.0%
External Relations	1	37.0	37.8	38.8	39.8	40.8	2.0	5.2%
Human Resources	2	98.3	110.4	111.4	111.4	113.4	2.0	1.8%
Labor Relations	3	7.0	7.0	7.0	7.0	8.0	1.0	14.3%
Internal Audit		11.0	11.0	11.0	11.0	11.0	0.0	0.0%
Accounting & Financial Reporting (AFR)		58.0	59.0	63.0	63.0	63.0	0.0	0.0%
Information & Communication Technology (ICT)	4	131.8	130.0	130.0	130.0	133.0	3.0	2.3%
Finance & Budget		13.0	13.0	13.0	13.0	13.0	0.0	0.0%
Business Intelligence	5	11.0	10.0	10.0	10.0	11.0	1.0	10.0%
Risk Services	6	6.0	6.0	6.0	6.0	7.0	1.0	16.7%
Office of Strategic Initiatives		7.0	7.0	7.0	7.0	7.0	0.0	0.0%
Central Procurement Office	7	63.0	63.0	63.0	63.0	66.0	3.0	4.8%
Information Security	8	10.0	10.0	10.0	10.0	12.0	2.0	20.0%
Office of Equity, Diversity and Inclusion (OEDI)	9	14.0	16.5	16.6	16.6	13.6	-3.0	-18.1%
Police	10	180.0	182.0	184.0	184.0	196.0	12.0	6.5%
Engineering	11	138.0	146.0	152.0	152.0	159.0	7.0	4.6%
Port Construction Services (PCS)		70.0	72.0	74.0	74.0	74.0	0.0	0.0%
Environment & Sustainability		4.0	5.0	5.0	5.0	5.0	0.0	0.0%
TOTAL CENTRAL SERVICES		**902.1**	**929.7**	**945.8**	**946.8**	**976.8**	**31.0**	**3.3%**

FTE.XLS

Notes:

1) External Relations (ER) 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. In 2024, 1.0 FTE (Program Specialist, Community Impact Programs) was added and 1.0 (Intl Protocol Spec) was transferred from Aviation. For 2025, a Senior Program Manager, Duwamish Valley Engagement, will be added.
2) Human Resources (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. Additionally, HR added 1.0 mid-year FTE (Total Rewards Assistant). In 2024, 2.0 FTEs (Total Rewards Assistant and Data Analyst) was added, and 1.0 FTE (Worker's Compensation Manager) will be eliminated. For 2025, 2.0 FTEs (Sr Investigation Spec and HR Implementation and Project Manager) will be added.
3) Labor Relations will add an Assistant Director in 2025.
4) Information & Communication Technology (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). For 2025, ICT will add 3.0 FTEs (Content Solution & Communication Engineer, ERP Developer/Programmer II, Machine Learning/Artificial Intelligence Engineer I).
5) Business Intelligence (BI) eliminated a 1.0 Frozen FTE (Principal BI Data Engineer) in 2023. In 2025, a Principal BI Data Engineer will be added.
6) Risk Services will add a Project Coordinator in 2025.
7) Central Procurement Office (CPO) will add 3.0 FTEs (Procurement Officer II).
8) Information Security will add 2.0 FTEs (Info Sec Technology Lead and Cyber Safety and Security Tech) in 2025.
9) In 2023, Office of Equity, Diversity and Inclusion (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 which was later converted into a 0.55 FTE. Additionally, OEDI eliminated 1.0 FTE (AV Program Manager). For 2025, OEDI will eliminate 4.0 represented FTEs and add a Civil Rights Program Manager.
10) In 2023, Police extended 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 added 2.0 FTEs (Police Specialist, Communications Supervisor). For 2025, 12.0 FTEs (6.0 Homeland Security Division, 2.0 Dispatch, Deputy Chief, Crime Analyst/Intel Officer, BWC Specialist, Seaport Officer) will be added.
11) 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 2023. Additionally, Engineering added 6.0 FTEs (Invoice Specialist, Sr. BIM Tech Specialist, Assistant Engineer – Airfield, Construction Inspector 2 – Waterfront, Resident Engineer 5 - Infrastructure (IWTP), Project Assistant – Waterfront) in 2024. For 2025, 7.0 FTEs (Sr. Construction Manager, Construction Inspector I, Construction Inspector II (2.0), Assistant Civil Engineering Technician, Engineering Standards and Specifications Administrator, Sr. Administrative Assistant) will be added.

F. CAPITAL BUDGET

Central Services has a total capital budget of $22.9 million for 2025. For more detail refer to the Capital Improvement Plan, Section IX.

TABLE VII-6 provides a summary of the Central Services 2025-2029 capital budget.

TABLE VII-6: CENTRAL SERVICES CAPITAL BUDGET

($ in 000's)	2025 Budget	2025-2029 CIP	% of 2025 Total Committed
Committed Capital Projects			
ICT Business Services	$ 13,908	$ 15,538	75.9%
General and Capital Development	4,424	11,424	24.1%
Total Committed	**$ 18,332**	**$ 26,962**	**100.0%**
Business Plan Prospective Projects	**$ 12,754**	**$ 36,094**	
CIP Cashflow Adjustment Reserve	**$ (8,200)**	**$ -**	
Total CIP	**$ 22,886**	**$ 63,056**	

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G. FINANCIAL AND FTE SUMMARY

TABLE VII-7: FINANCIAL AND FTE SUMMARY

($ in 000's) OPERATING BUDGET Notes	2022 Actual	2023 Actual	2024 Budget	2024 Forecast	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Total Operating Revenues	**$ 2,538**	**$ (216)**	**$ 163**	**$ 251**	**$ 183**	**12.1%**
Core Central Services	97,503	111,368	120,940	127,188	127	5.1%
Police Department	33,487	41,023	40,538	42,736	45,860	13.1%
Engineering	6,654	8,254	11,739	10,082	15,685	33.6%
Port Construction Services	3,939	5,987	7,749	5,960	7,758	0.1%
Total O&M Expenses w/o Pension Credit	**141,583**	**166,632**	**180,967**	**185,965**	**196,418**	**8.5%**
DRS Pension Credit	(6,666)	(14,479)	-		-	NA
Total O&M Expenses with Pension Credit	**134,917**	**152,153**	**180,967**	**185,965**	**196,418**	**8.5%**
Net Operating Income (with Pension Credit)	**$ (132,379)**	**$ (152,369)**	**$ (180,803)**	**$ (185,965)**	**$ (196,235)**	**8.5%**
CAPITAL SPENDING	**$ 6,276**	**$ 8,925**	**$ 17,928**	**$ 13,185**	**$ 22,886**	**27.7%**
TOTAL FTEs	**902.1**	**929.7**	**945.8**	**946.8**	**976.8**	**3.3%**

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VIII. TAX LEVY

TAX LEVY

A. TAX AT A GLANCE

- The preliminary maximum allowable levy for 2025 is $117.9M.
- For 2025 the preliminary levy is $88.4M, a 2.0 percent increase over the 2024 levy of $86.7M. The levy is currently under review and may change for the final budget.
- The estimated 2025 millage rate is $0.103.
- Planned levy uses in 2025 include:
  - General Obligation (G.O.) Bond debt service.
  - Capital projects reviewed by the Commission.
  - Deposit to The Environmental Legacy Fund for environmental remediation.
  - Environmental and climate change initiatives.
  - Sound Insulation Repair and Replacement.
  - 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.
  - Friends of the Waterfront contribution.
  - 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 2025. 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 $699M 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: 1991-2025

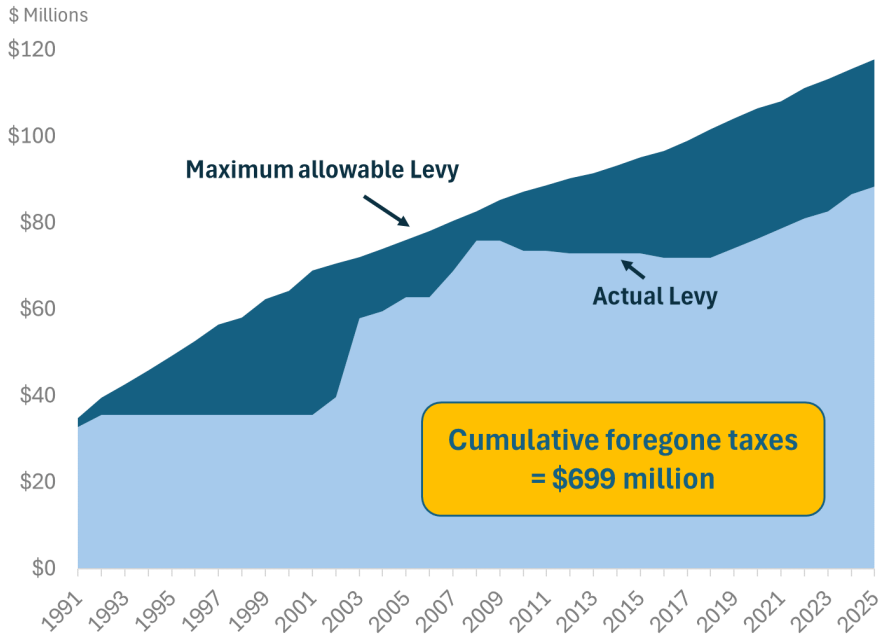
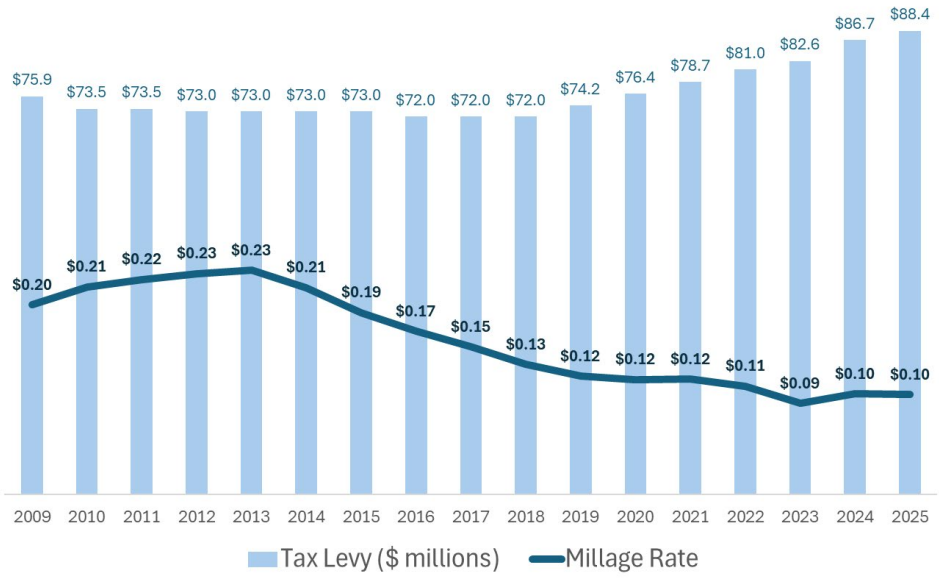


FIGURE VIII-2: TAX LEVY VS. MILLAGE RATE 2009-2025



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 2025 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 2025 the preliminary levy is $88.4M levy, a 2.0 percent increase from the $86.7M levy in 2024. 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 2025 levy is expected to fund $45.5M in existing G.O. bond debt service. This primarily reflects obligations for past investments. See Table VIII-2 for the complete allocation of existing 2025 G.O. bond debt service by project type.

The tax levy will help fund an estimated $22.2M of capital improvements in 2025, including investments in key seaport 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 as well as shore power and lighting upgrades), improvements at Salmon Bay Marina, channel deepening to accommodate larger container vessels, and some park infrastructure and improvement projects at Elliot Bay Connections Park, Duwamish River People's Park, and Centennial Park.

Traditionally, the levy has also funded certain legacy environmental remediation expenses. Beginning in 2024, those expenses are now funded in part by the Environmental Legacy Fund (see Table VIII-3 for more detail).

The levy is also used to support a variety of programs and public investments that benefit the community. For 2025, the levy funding for these programs totals $17.6M.

- 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 certain noise mitigation improvements. The Port expects to contribute $1.4M to the City of SeaTac safety enhancements and $4.0M on a new Sound Insulation Repair and Replacement Pilot Program from the Tax Levy in 2025.

- In 2019, the Commission approved an additional $15.0M in program funding for near-airport communities; spending on these programs is not eligible for airport funding and is funded from the tax levy. The programs support decarbonization efforts 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 2025 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 $622,000 towards staff costs to support the program.

- Additional tax levy uses in 2025 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, 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, investments supporting Disadvantaged Business Enterprises (DBEs) and Women and Minority Owned Business Enterprises (WMBE) through 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 new Green Economy program, 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

	2025 ($ in 000's)
SOURCES	
Prior Year Tax Levy Fund Balance	$ 38,000
Projected Tax Levy Collection	88,390
Total Projected Sources	126,390
USES	
G.O. Bonds Debt Service - Existing	45,544
Capital Expenditures	22,200
Contribution to Environmental Legacy Fund (ELF)	32,000
Other Expenditures:	
Public Expense - Gateway Park North	515
Sound Insulation Repair and Replacement	4,000
Environmental Grants (ACE)	40
Workforce Development & Economic Development Programs	3,662
Economic Development Partnership Programs	950
Duwamish Valley Community Equity Program	776
Maritime Blue	175
Green Economy	50
Community Business Connector	380
DBE/ACDBE/WMBE Training and Outreach	50
Tourism Marketing Support Program	1,000
Local Community Advertising Program	518
South King County Community Impact Fund	2,205
South King County FTE Support	622
Equity, Diversity and Inclusion	226
High School Internship Program	280
Friends of the Waterfont contribution	750
City of SeaTac Safety Enhancements	1,400
Total Projected Other Expenditures	17,599
Total Projected Uses	117,343
Projected Ending Tax Levy Fund Balance	$ 9,047

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 2024BC LTGO's, as well as the previous issuance, the 2022B LTGO's, are not fully spent. So far they have 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 including the Terminal 91 berth redevelopment project. 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 $45.5M in existing G.O. bond debt service in 2025, which is approximately 52% of total 2025 levy collections.

TABLE VIII-2: EXISTING G.O. BOND DEBT SERVICE BY PROJECT TYPE

	Notes	2025 ($ in 000's)
Containers		$ 9,465
Docks and Commercial Properties		6,475
Public Expense		15,948
Fishing		826
Unallocated Debt Service		
2022B LTGO New Money	1	4,881
2024C LTGO New Money	1	7,949
Total G.O. Bond Debt Service		**$ 45,544**

Note:
1) Proceeds of the 2024C and 2022B LTGO new money issuances 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:

Environmental Legacy Fund (ELF)

On November 14, 2023, the Commission established the Environmental Legacy Fund (ELF) to help pay for environmental remediation. The fund was established with an initial deposit of $30 million from the tax levy fund, which was the result of savings from G.O. bond refinancings as well as lower expenditures. Each year the Commission will review the ELF and assess the opportunity to make additional deposits. The Port will make an additional deposit of $32 million in 2025. As of December 31, 2023, the Port currently had recognized approximately $113 million of environmental liabilities primarily related to legacy contamination on sites now owned by the Port. Consistent with the Port's commitment to environmental stewardship and prudent financial management, the ELF will provide greater funding certainty for the Port to meet its obligations. In addition, the Port actively seeks funding from grants, as well as recoveries from insurance and from other parties that contributed to the pollution. Table VIII-3 provides details of the ELF for 2025.

TABLE VIII-3: USES OF ENVIRONMENTAL LEGACY FUND

($ in 000's)	Notes	2025
Beginning ELF Balance		$ 27,000
Transfer from Tax Levy fund		32,000
Environmental Grants & Other Reimbursements		1,285
Project Spending:		
Environmental Remediation Liability (Non-Aviation)	1	12,079
Ending ELF Balance		$ 48,206

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

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 $48.0M 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 freight mobility and transportation efforts. Table VIII-4 provides details of the TIF for 2025.

TABLE VIII-4: USES OF TRANSPORTATION AND INFRASTRUCTURE FUND

($ in 000's)	2025
Beginning TIF Balance	$ 48,000
Project Spending:	
Safe and Swift Corridor	1,010
Seattle Heavy Haul Network	2,260
Total Project Spending	$ 3,270
Ending TIF Balance	$ 44,730

- In 2015, the Port entered into a 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 2025.

- As the Puget Sound region continues to experience strong growth, 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 expects to complete the final financial commitment by funding $1.0M of this total in 2025.

- In 2018, the Port, along with multiple local cities and other agencies, entered into an MOU with the State of Washington for the Puget Sound Gateway Program. The Port agreed to provide $30.0M of funding for Washington State Route 509 improvements near the Airport. The Port contributed $15.0M of funding to the State in 2024 and expects to fund the remainder upon receipt of Washington State Department of Transportation (WSDOT) invoice after December 1, 2026.

- 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 2025 debt limit:

TABLE VIII-5: ESTIMATED GENERAL OBLIGATION DEBT LIMIT

Value of Taxable Property (1)	**$ 857,405,377,651**
Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property)	2,143,513,444
Less: Outstanding Non-Voted General Obligation Bonds as of 12/31/2024	445,465,000
Less: Capital leases and other general obligations as of 9/30/2024	-
Remaining Capacity of Non-Voted General Obligation Debt	**$ 1,698,048,444**
Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property)	6,430,540,332
Less: Total Outstanding General Obligation as of 12/31/2024	445,465,000
Less: Capital leases and other general obligations as of 9/30/2024	-
Remaining Capacity of Total General Obligation Debt	**$ 5,985,075,332**

Note:
1) Preliminary assessed valuation as of 9/26/2024.

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 52% of the 2025 tax levy collections will be used to pay existing G.O. debt service in 2025.

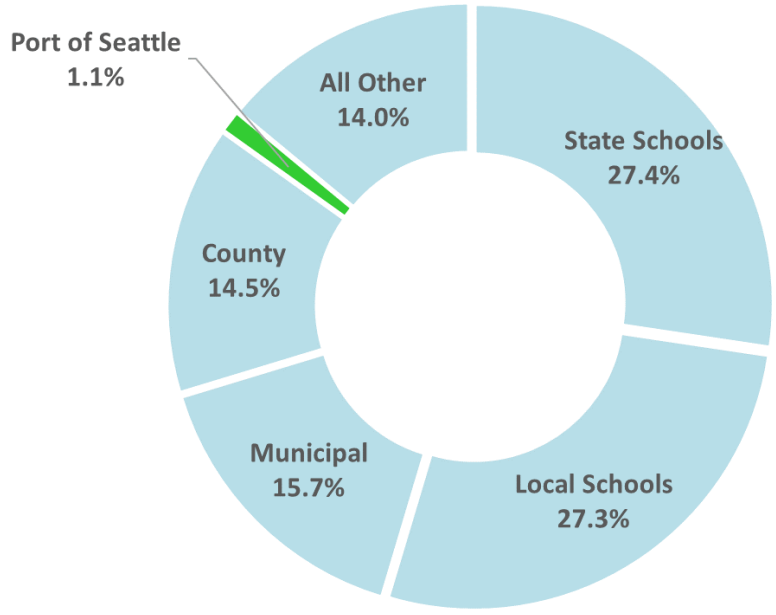
E. TAXPAYER EFFECT

For 2025 the preliminary levy is $88.4M, a 2.0 percent increase from the $86.7M in 2024. In 2024 the median King County homeowner paid approximately $79 in taxes to the Port of Seattle based on the median home value provided by the King County assessor. The 2025 amount is expected to be approximately $78; 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 2025.

F. COUNTY PROPERTY TAX COMPARISON

In 2024, the Port accounted for 1.1% of the total property taxes collected by the County.

FIGURE VIII-3: 2024 PERCENTAGE OF TAX LEVIES BY TAXING DISTRICT



IX. CAPITAL IMPROVEMENT PLAN

CAPITAL IMPROVEMENT PLAN

The following pages outline the 2025-2029 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 Aviation and Maritime operating divisions. In 2024, most of the businesses and all the planned capital projects residing in the Port's former Economic Development Division (EDD) were transferred to the Maritime division. 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 funding 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 development of the CIP, the Port also 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 2025 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 2025-2029 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 $1.1 billion for 2025 and $5.5 billion for 2025-2029. The forecasted payment to the NWSA for capital expenditures is $75.0 million for 2025 and $210.0 million for 2025-2029.

TABLE IX-1: CAPITAL IMPROVEMENT PLAN

($ in 000's)	2025	2026	2027	2028	2029	Total 2025-2029
Aviation	$ 1,087,944	$ 1,062,624	$ 871,160	$ 876,102	$ 855,922	**$ 4,753,752**
Maritime	163,874	208,478	127,096	73,191	33,004	**605,643**
Central Services	31,086	9,194	7,750	7,001	8,025	**63,056**
NWSA Joint Venture [1]	1,933	1,200	8,500	21,000	5,251	**37,884**
Stormwater Utility	1,373	2,350	500	1,575	1,250	**7,048**
CIP Cashflow Adjustment Reserve	(210,131)	2,708	162,803	42,920	1,700	**0**
Subtotal - Port CIP	**$ 1,076,079**	**$ 1,286,554**	**$ 1,177,809**	**$ 1,021,789**	**$ 905,152**	**$ 5,467,383**
Payment to the NWSA for Capital Expenditures [2]	**75,039**	**64,598**	**47,689**	**19,453**	**3,210**	**209,988**
Total Port and 50% NWSA CIP	**$ 1,151,118**	**$ 1,351,152**	**$ 1,225,498**	**$ 1,041,242**	**$ 908,361**	**$ 5,677,371**

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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 forecasted 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 2025-2029. The Aviation Division CIP is $921.0 million for 2025 and $4.8 billion for 2025-2029.

TABLE IX-2: AVIATION DIVISION CAPITAL IMPROVEMENT PLAN

($ in 000's)	2025	2026	2027	2028	2029	Total 2025-2029
Committed Projects						
Terminal and Tenants	$ 648,056	$ 583,892	$ 399,005	$ 322,654	$ 344,167	**$ 2,297,774**
Infrastructure	105,614	142,047	82,454	36,869	482	**367,466**
Airfield	138,439	32,404	0	0	0	**170,843**
Landside	43,818	35,720	31,507	12,342	12,308	**135,696**
Noise Program	22,952	35,494	1,553	0	977	**60,976**
Aviation Division-wide	18,036	9,987	2,557	0	0	**30,581**
Security	21,623	3,415	0	0	0	**25,038**
Commercial Management	7,143	2,085	0	0	0	**9,227**
Sustainable Airport Master Plan [1]	717	0	0	0	0	**717**
Subtotal - Aviation Committed CIP	**$ 1,006,396**	**$ 845,045**	**$ 517,075**	**$ 371,865**	**$ 357,935**	**$ 3,098,317**
Business Plan Prospective Projects [1]	81,547	217,579	354,084	504,237	497,987	**1,655,435**
CIP Cashflow Adjustment Reserve [2]	(166,955)	66,782	100,173	0	0	**0**
Total Aviation CIP	**$ 920,989**	**$ 1,129,406**	**$ 971,333**	**$ 876,102**	**$ 855,922**	**$ 4,753,752**

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Notes:
1) $716.5 thousand of Sustainable Airport Master Plan (SAMP) near-term planning project costs are included in 2025-2029 Committed Projects; $245.5 million of other SAMP planning and design costs are included in Business Plan Prospective Projects in 2025-2029.
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.

C Concourse Expansion: Construct four additional floors on top of the airport's existing three-floor 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 second quarter of 2026.

SEA Gateway (North Main Terminal Redevelopment Program): This program will 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 being completed via a tenant reimbursement agreement with Alaska Airlines and is anticipated to be completed by the third quarter of 2026.

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 2033.

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 shared-use lounge *Club @ SEA*, a new Delta *One* lounge, and new Delta *Sky Club.* This project is anticipated to be completed by the second quarter of 2025.

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 $245.5 million for Sustainable Airport Master Plan (SAMP) planning and design.

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

Satellite Transit System (STS) Replacement: Timely and cost-effective renewal and replacement of the Airport's STS is required by 2030-2035 to continue operations and maintain efficiency. This project includes replacement of end-of-life STS vehicles, structural rehabilitation of the current STS tunnels, and construction of a new north pedestrian connector (North Satellite (NSAT) to Concourse D). The Project Definition Document (PDD) process started in the third quarter of 2024.

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

Also included is a $575.6 million 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 2025-2029. The Maritime Division CIP is $128.9 million for 2025 and $605.6 million for 2025-2029.

TABLE IX-3: MARITIME DIVISION CAPITAL IMPROVEMENT PLAN

($ in 000's)	2025	2026	2027	2028	2029	Total 2025-2029
Committed Projects						
Portfolio Management	$ 43,302	$ 83,629	$ 14,675	$ 0	$ 0	**$ 141,606**
Fishing and Operations	60,897	6,809	10,333	500	500	**79,039**
Cruise Operations	11,274	8,997	6,494	0	0	**26,765**
Recreational Boating	6,046	1,449	602	0	0	**8,097**
Maritime General	331	0	0	0	0	**331**
Subtotal - Maritime Committed CIP	**$ 121,850**	**$ 100,884**	**$ 32,104**	**$ 500**	**$ 500**	**$ 255,838**
Business Plan Prospective Projects	**42,024**	**107,594**	**94,992**	**72,691**	**32,504**	**349,805**
CIP Cashflow Adjustment Reserve (1)	**(34,976)**	**(66,074)**	**60,630**	**40,420**	**0**	**0**
Total Maritime CIP	**$ 128,898**	**$ 142,404**	**$ 187,726**	**$ 113,611**	**$ 33,004**	**$ 605,643**

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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.

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.

Terminal 91 Uplands Development: This initial development will construct 120,000 square feet of industrial building space to support maritime suppliers and manufacturers, with associated utility and site infrastructure improvements, over approximately six acres of the site. This project is anticipated to be completed by the second quarter of 2027. The second phase of development is under evaluation as the first phase moves forward; the second phase is not yet included in the CIP.

Other Committed Capital Projects:

Terminal 91/Pier 66 Cruise Shore Power Extension: This project adds flexibility to shore power connection points on Pier 91 at Terminal 91 and at Pier 66 to increase the connection rate of shore power capable cruise ships and provide for 100% shore power connection of all home ported cruise ships by 2027 per Commission Order No. 2024-08. Additional connection points will be added on both the east and west berths of Pier 91. At least one new connection point will be added on Pier 66 north of the existing connection location. Adding this capacity provides flexibility to accommodate ships of many different shore power configurations.

Salmon Bay Docks A-C Roof Safety: Removal and replacement of roof structures at docks A-C (currently covered moorage) that are at the end of their service life. Includes repair of beams and structural upgrades, installation of skylights and sprinkler system.

Maritime Industrial Center Electrical Replacements: This project will replace electrical breakers and other electrical systems that are beyond their useful life. Replacements include multiple switchboards, circuit breakers, transformers, other supporting parts, and one concrete pad. New conduits, wires, and vaults will be constructed.

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.

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

Marine Maintenance South Fleet and SWU Facility: Redevelop a portion (east parcel) of Marine Maintenance South facility to expand and build a new auto repair facility and provide office space and storage. Redevelopment will occur outside of the footprint of the existing fuel site and underground tanks.

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

C CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN

The Central Services five-year CIP consists predominately of technology improvements and upgrades. Approximately half of the 2025 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 2025, 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-4 below summarizes the Central Services CIP from 2025-2029. The Central Services CIP is $22.9 million for 2025 and $63.1 million for 2025-2029.

TABLE IX-4: CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN

($ in 000's)	2025	2026	2027	2028	2029	Total 2025-2029
Committed Projects						
ICT Business Services	$ 13,908	$ 880	$ 250	$ 250	$ 250	**$ 15,538**
General and Capital Development	4,424	1,974	2,000	1,251	1,775	**11,424**
Subtotal - Central Services Committed CIP	**$ 18,332**	**$ 2,854**	**$ 2,250**	**$ 1,501**	**$ 2,025**	**$ 26,962**
Business Plan Prospective Projects	**12,754**	**6,340**	**5,500**	**5,500**	**6,000**	**36,094**
CIP Cashflow Adjustment Reserve (1)	**(8,200)**	**2,000**	**2,000**	**2,500**	**1,700**	**0**
Total Central Services CIP	**$ 22,886**	**$ 11,194**	**$ 9,750**	**$ 9,501**	**$ 9,725**	**$ 63,056**

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

D. 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 projects related to the Terminal 91 Berths 6 and 8 Redevelopment, 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 development efforts focus on serving existing customers, attracting new customers, and building a diverse, dynamic and resilient business base. Strategic investments include modernization construction at Terminal 7D in the South Harbor, wooden light pole replacement at several terminals in the South Harbor, terminal expansion at Husky, completion of the backlands and other improvements at Terminal 5, and shore power design at Terminal 18, WUT, and PCT. Maintenance investments include replacement of fender systems and waterlines at Terminal 18, Wapato Creek culvert rehabilitation, 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 $75.0 for 2025 and $210.0M for 2025-2029. Further information on the NWSA CIP can be found in Section XII The Northwest Seaport Alliance (NWSA).

TABLE IX-5: NWSA CAPITAL IMPROVEMENT PLAN

The NWSA CIP will be presented to the Managing Members on October 25, 2024 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-6 below shows Public Expense projects by division from 2025-2029, which includes $9.2 million for 2025 and $38.0 for 2025-2029.

TABLE IX-6: PUBLIC EXPENSE PROJECTS

($ in 000's) Division	Project Description	2025	2026	2027	2028	2029	Total 2025 - 2029
Airport	Sound Insulation	$ 4,000	$ 0	$ 0	$ 0	$ 0	**$ 4,000**
	Flight Corridor Safety Program	1,400	1,617	0	0	0	**3,017**
	SR 509 Roadway Construction Support	12	0	0	0	0	**12**
	Subtotal - Airport Public Expense Projects	**$ 5,412**	**$ 1,617**	**$ 0**	**$ 0**	**$ 0**	**$ 7,029**
Joint Venture	Gateway SR 509 Program	-	-	15,000	-	-	**15,000**
	Seattle Heavy Haul Network	2,260	3,300	2,000	2,000	2,000	**11,560**
	Gateway Park North	515	2,080	-	-	-	**2,595**
	Safe and Swift	1,010	-	-	-	-	**1,010**
	Fast Corridor II	-	-	799	-	-	**799**
	Subtotal - Joint Venture Public Expense Projects	**$ 3,785**	**$ 5,380**	**$ 17,799**	**$ 2,000**	**$ 2,000**	**$ 30,964**
	Total Port Public Expense Projects	**$ 9,197**	**$ 6,997**	**$ 17,799**	**$ 2,000**	**$ 2,000**	**$ 37,993**

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.

E. NON-RECURRING CIP IMPACT

Table IX-7 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 $1.9 billion of capital spending from 2025-2029 and a $512.4 million 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 2025-2029.

TABLE IX-7: NON-RECURRING CAPITAL IMPROVEMENT PLAN IMPACT ON THE OPERATING BUDGET

($ in 000's)	Notes	2025	2026	2027	2028	2029	Total 2025 - 2029
Aviation Division:							
C Concourse Expansion							
Capital Spending		$ 142,789	$ 110,285	$ 20,394	$ -	$ -	$ 273,467
Change in Operating Revenues	1	-	17,882	38,728	42,578	43,754	142,941
Change in Operating Expenses		-	-	253	268	268	790
SEA Gateway							
Capital Spending		156,409	80,829	49,916	-	-	287,153
Change in Operating Revenues	1	-	23,026	39,462	41,802	43,244	147,535
Change in Operating Expenses		-	-	-	-	-	-
South Concourse Evolution							
Capital Spending		114,774	168,628	180,043	178,273	226,317	868,034
Change in Operating Revenues	1	-	-	-	-	-	-
Change in Operating Expenses		-	-	-	-	-	-
Checked Baggage Optimization							
Capital Spending		74,655	90,351	103,540	107,184	83,099	458,829
Change in Operating Revenues	1	24,437	33,994	42,447	58,757	62,308	221,944
Change in Operating Expenses		-	-	-	-	-	-
Aviation Subtotal							
Capital Spending		**$ 488,626**	**$ 450,093**	**$ 353,892**	**$ 285,457**	**$ 309,416**	**$1,887,484**
Change in Operating Revenues		**$ 24,437**	**$ 74,902**	**$ 120,637**	**$ 143,137**	**$ 149,307**	**$ 512,421**
Change in Operating Expenses		**$ 0**	**$ 0**	**$ 253**	**$ 268**	**$ 268**	**$ 790**

Table X-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.

A listing of the projects included in the Port's 2025-2029 Capital Improvement Plan (CIP) will be included in the Port's final budget.

X. PLAN OF FINANCE

2025-2029 DRAFT PLAN OF FINANCE

The Draft Plan of Finance will be included as part of the 2025 Final Budget.

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XI. STATUTORY BUDGET

2025 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 2025 Statutory Budget will be provided to the Port Commissioners and made available to the general public on October 22, 2024, as required by law (RCW 53.35.010 and RCW 53.35.045). Notices of the Public Hearing will be published on October 30 and November 6, 2024, 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 are available for distribution to any interested persons on October 24, 2024; that the introduction of the preliminary 2025 Budget and public hearing will be held on November 12, 2024; and that the adoption of the 2025 Budget will be held on November 19, 2024. The final statutory budget will be filed with the King County Council on November 27, 2024, 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 2025, the preliminary tax levy is $88.4 million, pending Commission approval. The following is a comparison of the tax levy detail between 2024 and 2025:

TABLE XI-1: TAX LEVY BUDGET DETAIL

	Budget 2024		Budget 2025		
	Levy Rate	Levy Amount	Levy Rate	Levy Amount	
For General Obligation Bonds	$ 0.0416	$ 34,682,284	$ 0.0531	$ 45,544,159	
For General Purposes	0.0624	51,982,297	0.0500	42,845,785	
Total	**$ 0.1040**	**$ 86,664,580**	**$ 0.1031**	**$ 88,389,944**	(1)

(1) 2025 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 2024 preliminary assessed valuation as of September 26, 2024, is $857,405,377,651 after omitted assessments, which are not included in the Port's levy calculation. The 2024 assessed valuation is used for 2025 tax collection. This is an increase from the final assessed valuation per the King County Annual Report for 2024 tax collection, which was $833,036,264,377 after omitted assessment.

C. RESOLUTIONS

RESOLUTION NO. 3829

A RESOLUTION of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2025; 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 2025.

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 22nd day of October, 2024, published the preliminary 2025 Budget of the Port of Seattle on the Washington Public Ports Association (WPPA) website due to temporary outage of the Port of Seattle website and, on the 24th day of October, 2024, made hard copies available to the public; and on the 30th of October and 6th of November, 2024, published the Notices of the public hearing of the preliminary 2025 Budget to consider adoption of a final budget, with public hearing to be heard on the 12th day of November, 2024, when taxpayers might appear and present objections to the preliminary 2025 Budget; and

WHEREAS, a public hearing on the preliminary 2025 Budget was held 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 12th of November, 2024, at 12 p.m.; and

WHEREAS, all parties present at said hearing would be afforded a full opportunity to present objections to the preliminary 2025 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 26th day of September, 2024, 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 2024 is $857,405,377,651 (after omitted assessments); and

WHEREAS, the King County Assessor notified the Commissioners of the Port of Seattle on the 26th day of September, 2024, that the preliminary maximum allowable levy is $117,853,258, including $278,937 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 2025 and has a General Obligation line of credit, for the payment of the principal and interest on such indebtedness in 2025 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 2025 Budget, as updated and amended at the November 12, 2024, Port Commission hearing, and as may have been further amended by the Port Commission on this 19th of November 2024, is hereby adopted as the final budget of the Port of Seattle for the Year 2025. Said final budget includes the statutory budget required under RCW 53.35.040. The final budget shall be made available to the public on the Port of Seattle website or the WPPA 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, if any, 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 $88,389,944 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, if any, 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, 2025, 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 2025 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 19th day of November 2024, 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. 3830

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 $86,664,580 to $88,389,944

WHEREAS, the Port of Seattle in the Commission has met and considered its budget for the calendar year 2025; 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 $88,389,944, which represents the levy rate of approximately $0.1031 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 $88,389,944, an increase of $1,725,364 (an estimated 2.0 percent increase from 2024). Excluding the new construction and refund amount, the increase is $356,950 (an estimated 0.4 percent from 2024) for tax filing purposes.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed meeting held this 19th day of November, 2024, 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

TAXING DISTRICT **Port of Seattle** 2024 Levy for 2025 Taxes IPD: 1.02570

A.	Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).							
	Year 2024	115,319,215 (Highest Lawful Levy Since 1985)	x	1.01000 (Limit Factor/Max Increase 101%)	=	116,472,407		
B.	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).							
	10,430,610,349 (A.V.)	* 0.10445 (Last Year's Levy Rate)	÷	1,000	=	1,089,477		
C.	Tax Increment finance area increment AV increase (RCW 84.55.010(1)€) (value included in B & D cannot be included in C)							
	119,065,880 (A.V.)	* 0.10445 (Last Year's Levy Rate)	÷	1,000	=	12,436		
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).							
	0 (Current Year's A.V.)	- 8,059,914,440 (Previous Year's A.V.)	=	0				
	0 (Remainder from Line D)	* 0.10445 (Last Year's Levy Rate)	÷	1,000	=	0		
E.	Regular property tax limit:			A+B+C+D	=	117,574,321		
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.							
	117,574,321 (Total in Line E)	÷ 857,405,377,651 (Assessed Value Less Annexed AV)	*	1,000	=	0.13712		
G.	Annexed area's current assessed value including new construction and improvements, times the rate in Line E.							
	0 (Annexed Area's A.V.)	* 0.13712 (Last Year's Levy Rate)	÷	1,000	=	0		
H.	Regular property tax limit including annexation			E+G	=	117,574,321		
I.	1st Year Lid Lift & Limit Factor>1%							
J.	Statutory maximum calculation							
	Only enter fire/RFA rate, library rate, & firefighter pension fund rate for cities annexed to a fire/RFA or library or has a firefighter pension fund.							
	0.45000 (District base levy rate)	- (Fire or RFA Rate)	- (Library Rate)	+ 0.00000 (Firefighter Pension Fund)	=	0.45000 (Statutory Rate Limit)		
	857,405,377,651 (Regular Levy AV)	* 0.45000 (Reg Statutory Rate Limit)	÷	1,000	=	385,832,420 (Reg Statutory Amount)		
	851,907,671,014 (Excess Levy AV)	* 0.00000 (Excess Statutory Rate Limit)	÷	1,000	=	0 (Excess Statutory Amount)		
						385,832,420 (Statutory Amount)		
K.	Highest Lawful Levy For This Tax Year (Lesser of H+I and J)				=	117,574,321		
L.	New highest lawful levy since 1985 (Lesser of H+I and J minus C, unless A (before limit factor increase) is greater than Lesser of H+I and J minus C, then A before the limit factor increase					117,561,884		
M.	Lesser of J and K					117,574,321		
N.	Refunds					278,937		
O.	Total: M+N (unless stat max)					117,853,258		
P.	Levy Corrections Year of Error: ____							
	1. Minus amount over levied (if applicable)					0		
	2. Plus amount under levied (if applicable)					0		
Q.	Total Allowable Levy					117,853,258		
R.	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)					857,405,377,651		
S.	Tax Base for Excess, Voted Bond Levies and Sr Exempt Lid Lifts							
	2. Excess AV					851,907,671,014		
	3. Plus Timber Assessed Value (TAV)					0		
	4. Tax base for excess and voted bond levies			(2+3)		851,907,671,014		
T.	Increase Information							
	1. Levy rate based on allowable levy					0.13745		
	2. Last year's ACTUAL regular levy					86,447,170		
	3. Dollar Increase over last year other than New Construction (-) Annexation					30,025,238		
	4. Percent Increase over last year other than New Construction (-) Annexation					34.73247%		

E. FORECASTED CASH FLOW SUMMARY

TABLE XI-3: FORECASTED CASH FLOW SUMMARY

($ in 000's)		2025	Percent of Total
Beginning balance of cash & investments		**2,025,796**	
SOURCES OF CASH			
Operating Revenues without NWSA		1,059,085	46.8%
NWSA Distributable Cash		72,796	3.2%
Interest Receipts		72,631	3.2%
Proceeds from Bond Issues		750,000	33.2%
Grants and Capital Contributions		83,213	3.7%
Tax Levy		88,390	3.9%
Passenger Facility Charges		100,944	4.5%
Rental Car Customer Facility Charges		25,057	1.1%
Fuel Hydrant Receipts		6,985	0.3%
Other Receipts		1,699	0.1%
Total		**2,260,800**	**100%**
Anticipated available funds		**4,286,597**	
USES OF CASH			
Expenses from Operations:			
Total Operating Expenses		687,910	29.5%
Debt Service:			
Interest Payments	224,114		9.6%
Bond Redemptions	235,468		10.1%
Total Debt Service		459,582	19.7%
Other Expenses		23,204	1.0%
Public Expense		7,597	0.3%
Payment to NWSA for Capital Expenditures		75,039	3.2%
Capital Expenditures		1,076,079	46.2%
Total		**2,329,411**	**100%**
Ending balance of cash & investments		**1,957,186**	
Increase (decrease) of cash during year		**(68,610)**	

CASHFLW.xlsx

FIGURE XI-1: SOURCES OF CASH

($ in 000's)

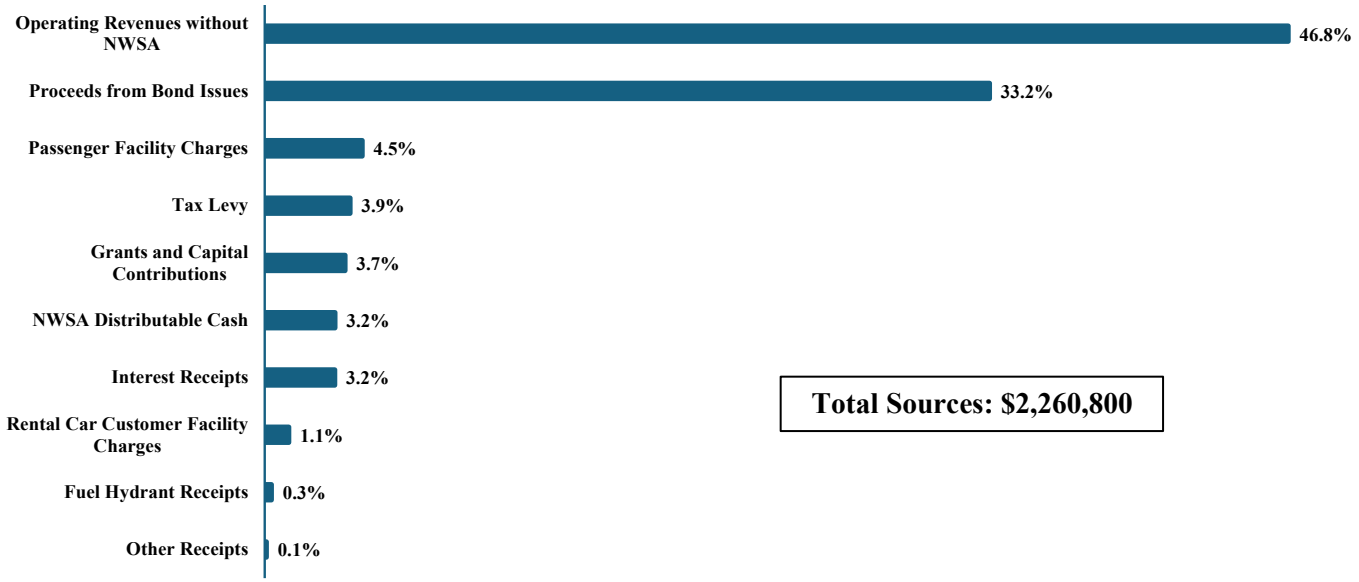
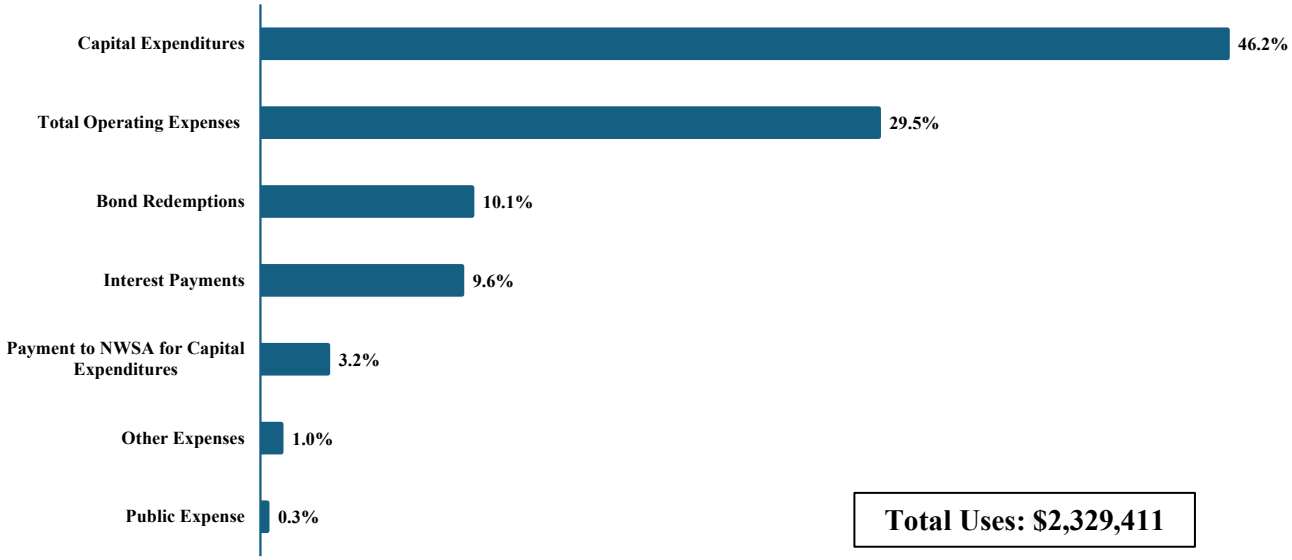


FIGURE XI-2: USES OF CASH

($ 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: 2025 OPERATING BUDGET SUMMARY

($ in 000's) Notes	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget	% Change 2024 Bud - 2025 Bud
Revenue					
NWSA Distributable Revenue	$ 55,353	$ 57,685	$ 57,154	$ 58,333	2.1%
Contra Joint Venture Revenue	(1,949)	(1,865)	(2,071)	(2,112)	2.0%
Subtotal	**53,403**	**55,820**	**55,084**	**56,221**	**2.1%**
Other Service Revenue Tenant Reimbursements	1,978	1,817	797	699	-12.3%
Total Revenues	**55,381**	**57,636**	**55,881**	**56,920**	**1.9%**
Expense					
Maintenance Expenses	569	680	493	517	4.9%
JV Direct	1,122	1,559	92	139	51.8%
Security	182	202	217	239	10.3%
Environment & Sustainability	271	566	825	-	NA
Cost Recovery	169	249	291	847	191.1%
Waterfront Project Management	120	44	145	21	-85.7%
Central Services / Other	107	168	208	0	-100.0%
Total Operating Expenses w/o Pension Credit	**2,539**	**3,466**	**2,270**	**1,763**	**-22.3%**
DRS Pension Credit	(278)	(283)	-	-	NA
Total Operating Expenses with Pension Credit	**2,261**	**3,183**	**2,270**	**1,763**	**-22.3%**
NOI Before Depreciation	**53,120**	**54,453**	**53,611**	**55,157**	**2.9%**
Legacy Depreciation for NWSA Facilities	14,744	14,683	14,236	13,749	-3.4%
NOI After Depreciation	**38,376**	**39,770**	**39,376**	**41,408**	**5.2%**

JVRNOI.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 2025 Budget



Operating Budget and Capital Investment Plan adopted:
November 5, 2024

In June 2024, Inbound Logistics magazine named The Northwest Seaport Alliance in its annual list of "Green 75" supply chain partners. This is the eighth 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.

In 2024, the Northwest Seaport Alliance (NWSA) was selected as the leading West Coast port in the 41st 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, Intermodal Network and Value categories.

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THE NORTHWEST SEAPORT ALLIANCE
Gateway to Solutions
nwseaportalliance.com

To: Managing Members
Date: November 5, 2024
Subject: The Northwest Seaport Alliance Operating Budget and Five-Year Capital Investment Plan

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Staff is pleased to present the 2025 Northwest Seaport Alliance (NWSA) Budget. This document outlines 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 2024, cargo volumes rebounded along the U.S. West Coast, and congestion at Canadian terminals contributed to increased containerized cargo in our gateway. The strategic opening of Terminal 46 to support the NWSA auto business has diversified our cargo in the Seattle harbor.

The NWSA is committed to infrastructure investment that drives competitive opportunities and economic growth across the region. The recent opening of Terminal 5's second berth, following a substantial investment, underscores our dedication to supporting our state and nation's supply chain.

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. The NWSA is leveraging significant federal and state grant funds awarded in 2024 to strengthen key environmental initiatives.

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 for future growth. Our infrastructure investments, coupled with our commitment to environmental leadership, will solidify our position as a premier North American port.. Our team remains dedicated to responsible financial practices, operational excellence, and fostering economic prosperity throughout 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, fifteen 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 58th among the world's top container gateways and was the seventh-largest gateway for containerized cargo in North America in 2023. Retention and growth of cargo volumes 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 $70.7 billion in 2023. Imports were $57.4 billion, and exports were $13.3 billion. Through July 2024, the two ports handled roughly $38.6 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
- South Korea
- Vietnam
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Philippines
- India

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 2023, 3.1 million metric tons of domestic cargo was 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 Pierce County voters to create job opportunities through trade and 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 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 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 containerized cargo, automobiles, logs, breakbulk cargo, heavy-lift and project cargoes, and 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 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, like 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 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.

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
- Sr. Director of Engineering
- Sr. Director of Environmental/Planning Programs
- Sr. Director, NWSA Real Estate
- Director of Communications
- Director, Government Affairs, Public Affairs
- Director, Business Development

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, Sr. Director of Engineering and Sr. 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 Container Cargo Business Development team, the Non-Container Business Development team, the Marketing & Business Services team, and the Real Estate team.

Business Development Teams: International and domestic container, breakbulk, and bulk cargo are core business segments for the NWSA. The Container Cargo Business Development and Non-Container Cargo Business Development teams are responsible for cargo and terminal business development and management, and delivering customer service to ocean carriers, marine terminals, and shippers. The Business Development teams play an important role coordinating efforts across the entire supply chain, including customers, terminal facilities, railroads, and trucking companies. These teams, in cooperation with the Operations Team and our customers, identify and implement 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 businesses. Relationship management with Tacoma Rail, BNSF, and Union Pacific (UP) and other rail stakeholders is a key function of both the Container and Non- Container teams.

While the Container Cargo Business Development Team is focused on both the domestic and international container cargo trade, the Non-Container Cargo Business Development team is focused on the robust non-container business. Comprised of breakbulk (Roll-on/Roll-off, also known as RoRo), Military, bulk and auto cargoes, these non-container segments make a significant contribution to revenue and further diversify the gateway's business portfolio.

Also, the NWSA's Tacoma Harbor is designated as a strategic military port for transporting 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, Vietnam, 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, 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 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.

Environmental/Planning Group

The Environmental and Planning Group is responsible for long range strategic planning, including land use, transportation, facility and grant program management.

In addition, the team manages water quality initiatives that support best in class advanced treatment deployment, development of best management practices and other initiatives that deliver above and beyond regulatory compliance.

This team also is responsible for managing the Northwest Port's Clean Air Strategy, which is focused on reducing both diesel and greenhouse gas emissions. Priority emission- reduction initiatives focus on ocean-going vessels, cargo handling equipment, and drayage trucks that serve our gateway.

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 record of accomplishment 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-1.... Northwest Seaport Alliance Facilities – Seattle Harbor



Figure I-2.... Northwest Seaport Alliance Facilities – Tacoma Harbor

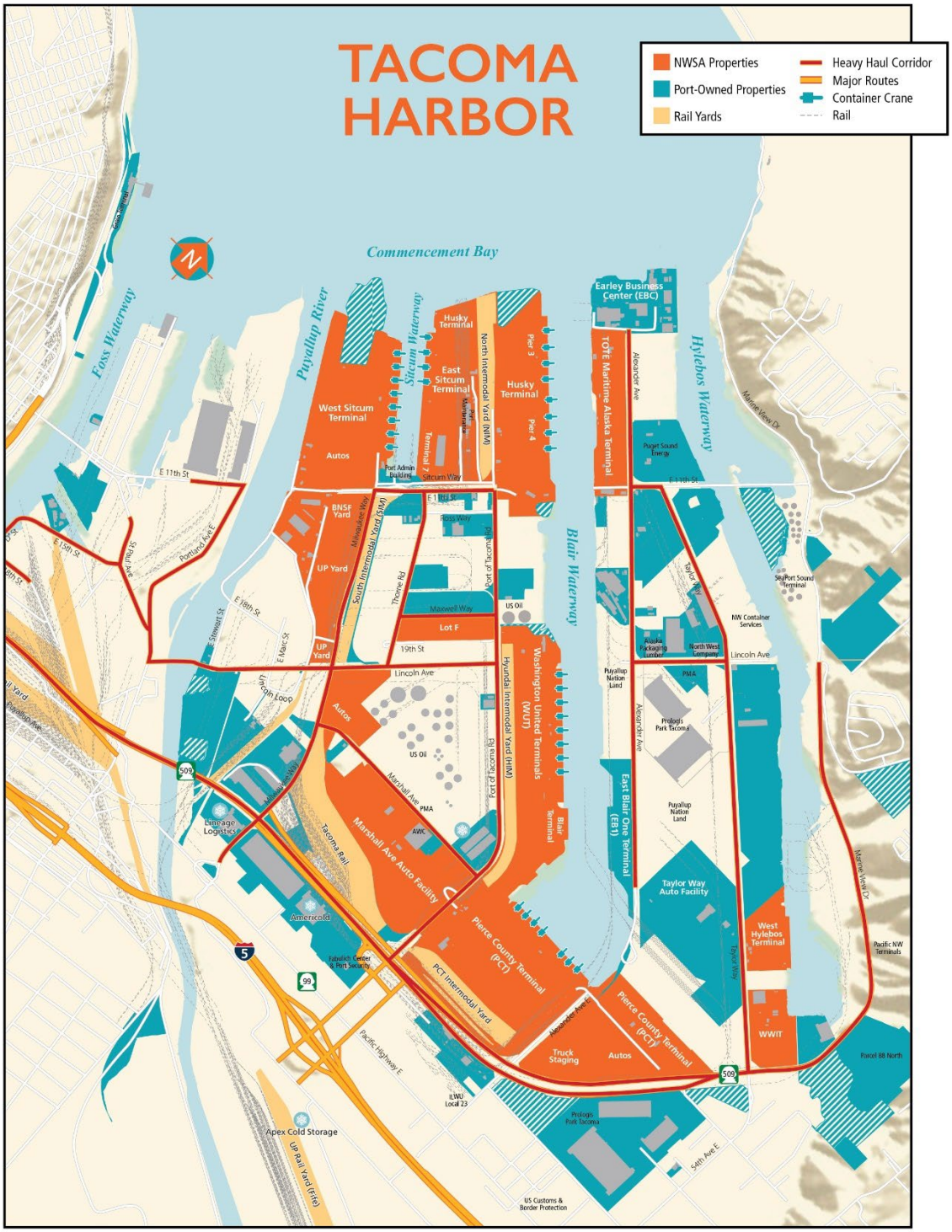
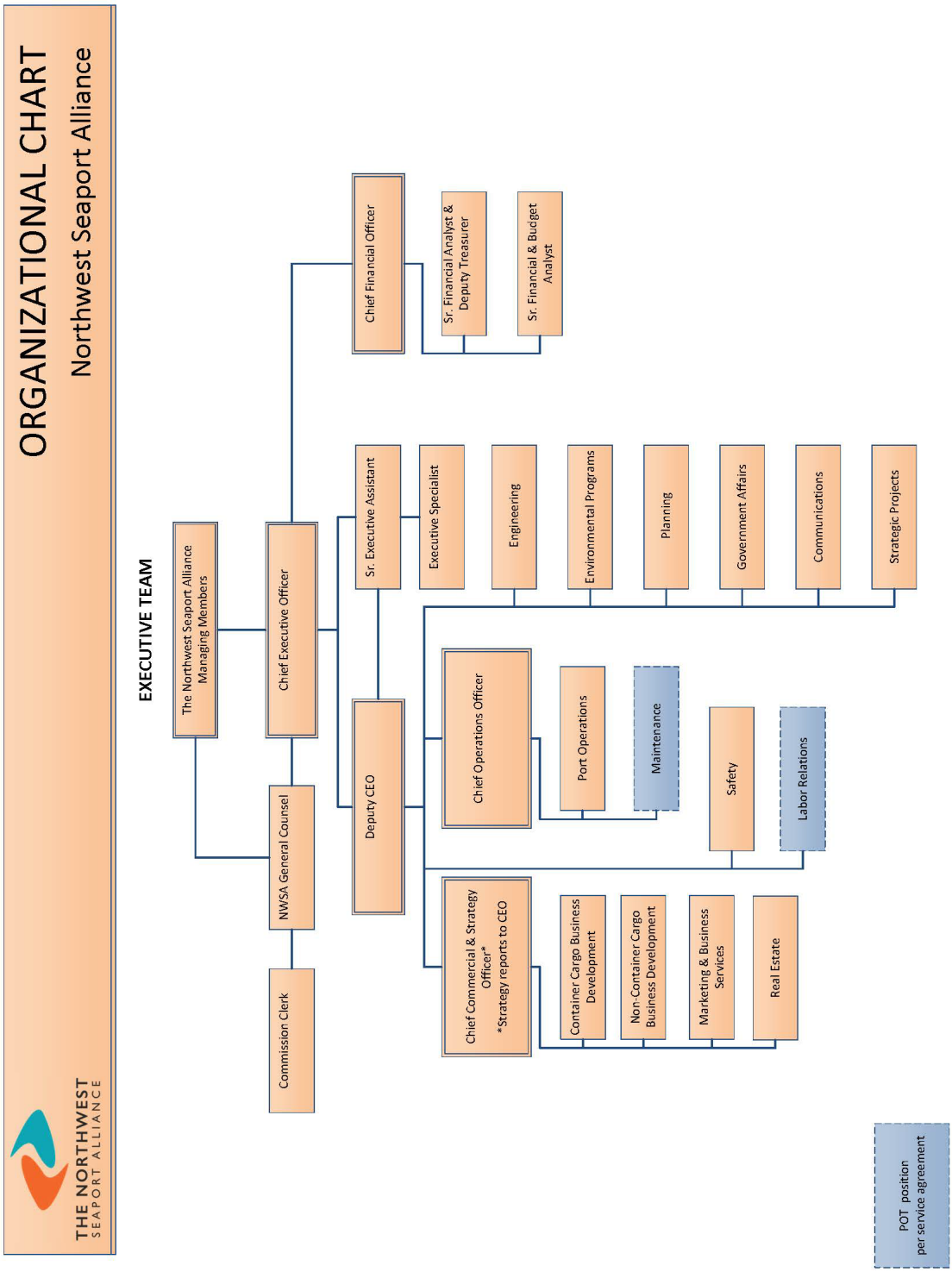


Figure I-3.... The Northwest Seaport Alliance Organizational Chart



II Budget Message

NWSA Mission

The NWSA's mission is to create sustainable economic opportunities for our region by increasing cargo volumes and supporting a healthy supply chain ecosystem.:

NWSA Vision

The NWSA's vision is to be the gateway of choice through best-in-class customer experience, environmental leadership, and competitive services.:

NWSA Values

1. **Service Excellence and Partnership**
   We value partnership and prioritize service excellence to deliver best-in-class service.

2. **Boldness, Innovation and Adaptability**
   We act with boldness and innovation, challenging ourselves to be adaptable and cultivate solutions that meet the demands of the dynamic marketplace.

3. **Environmental Leadership**
   We are responsible stewards of our shared natural environment, prioritizing facilities and operations that support the health of our air, water, and land resources.

4. **Fiscal Responsibility**
   We conduct all business and decision-making with integrity and transparency, providing long term financial stewardship to achieve our environmental and economic development objectives.

5. **Asset Management**
   As responsible stewards, we manage and develop facilities to protect public assets and create economic opportunities across our region.

6. **Health & Safety**
   We commit to the health and safety of our team, taking accountability for our actions and treating people with honesty and respect.

7. **Diversity, Equity, and Inclusion**
   We uphold the principles of shared accountability, diversity, equity and inclusion throughout our organization, creating a culture that helps ensures a positive, safe, welcoming, respectful, and inclusive workplace that reflects the demographics of the region and equitably serves our entire community.

NWSA Goals

The NWSA has identified strategic initiatives to maintain and grow the maritime business in Puget Sound. The high-level strategic initiatives, and supporting priorities are listed below:

1. **Commercial Initiatives**
   a. Complete modernization of T5 backlands 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 and the associated 5-year Clean Air Implementation Plan
   b. 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.
   c. Continue to engage in international efforts to advance cleaner shipping, including the creation of "green corridors" with major trade partners.
   d. Continued focus on best-in-class water quality treatment and best management practices at NWSA and tenant run facilities. Provide input on all state and federal Industrial stormwater regulations that support sound science, clean water and cargo operations.

5. **Facilities Development**
   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.

6. **Government Affairs**
   a. Continue efforts to secure Harbor Maintenance Tax funding.
   b. Contribute to improvements in Federal permitting to support NWSA objectives.

7. **Planning and Logistics**
   a. Engage in regional transportation and land use planning in support of port and alliance functions and operations.
   b. Leverage grant opportunities to fund strategic cargo related facilities and infrastructure.
   c. Provide resilience and hazard planning services for critical infrastructure.
   d. Support harbor deepening and maintenance dredging in both harbors
   e. Support the development and integration of a strategic gateway business plan that aims for growth opportunities in our gateway.

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 hourly 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.

2025 Budget

The NWSA has developed an overall operating budget with projected revenue of $268.5 million. Operating income is budgeted to be $96.1 million, resulting in an operating margin of 35.8 percent. The NWSA net distributable revenue of $116.7 million, which includes grant and interest. Distributable Cash of $145.6 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. The amount of cash earned does not include the Harbor Maintenance Tax provided to the two homeports which are expected to exceed a total between the two homeports of $53 million in 2025

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 2025 – 2029 capital projects include:

Seattle Harbor

- Completion of improvements at Terminal 5
- Design of Terminal 18 shore power installation and wharf rehabilitation

Tacoma Harbor

- Husky terminal expansion
- Rebuild of Wapato Creek culvert
- Modernize terminal 7D
- Maintenance dredging at various terminals
- Design shore power at PCT and WUT
- 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 2025 Capital Investment Plan of $169.8 million represents the first year of the NWSA's 2025 - 2029 CIP – a package totaling $481.3 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. In 2023, The NWSA received a $54.2 PIDP grant for the Husky Terminal Expansion project. In 2024 the NWSA submitted a PIDP application for the Pierce County Terminal Efficiency 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 is aggressively pursuing this funding.

NWSA 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, Pierce County Terminal, 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 the design and construction of a shore power system at Terminal 18. The alliance has secured two allocations of $14 million each for a total of $28 million from the State transportation budget for construction of the project. One of these allocations will be awarded only if the Climate Commitment Act is not repealed by the voters in November 2024.

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.

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 commenced in earnest when the Port of Seattle signed the design agreement with USACE 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. The design agreement between the Port of Tacoma and USACE was signed in December of 2023 and design is underway.

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. This donor port provision was finally implemented in the USACE FY24 Work Plan. The ports of Seattle and Tacoma received $25 million and $28.9 million respectively. Annual amounts will vary based on the amount of HMT received and the amount collected over a three-year time period.

In 2024 the Port of Seattle received $25 million, and the Port of Tacoma received $28.9 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.

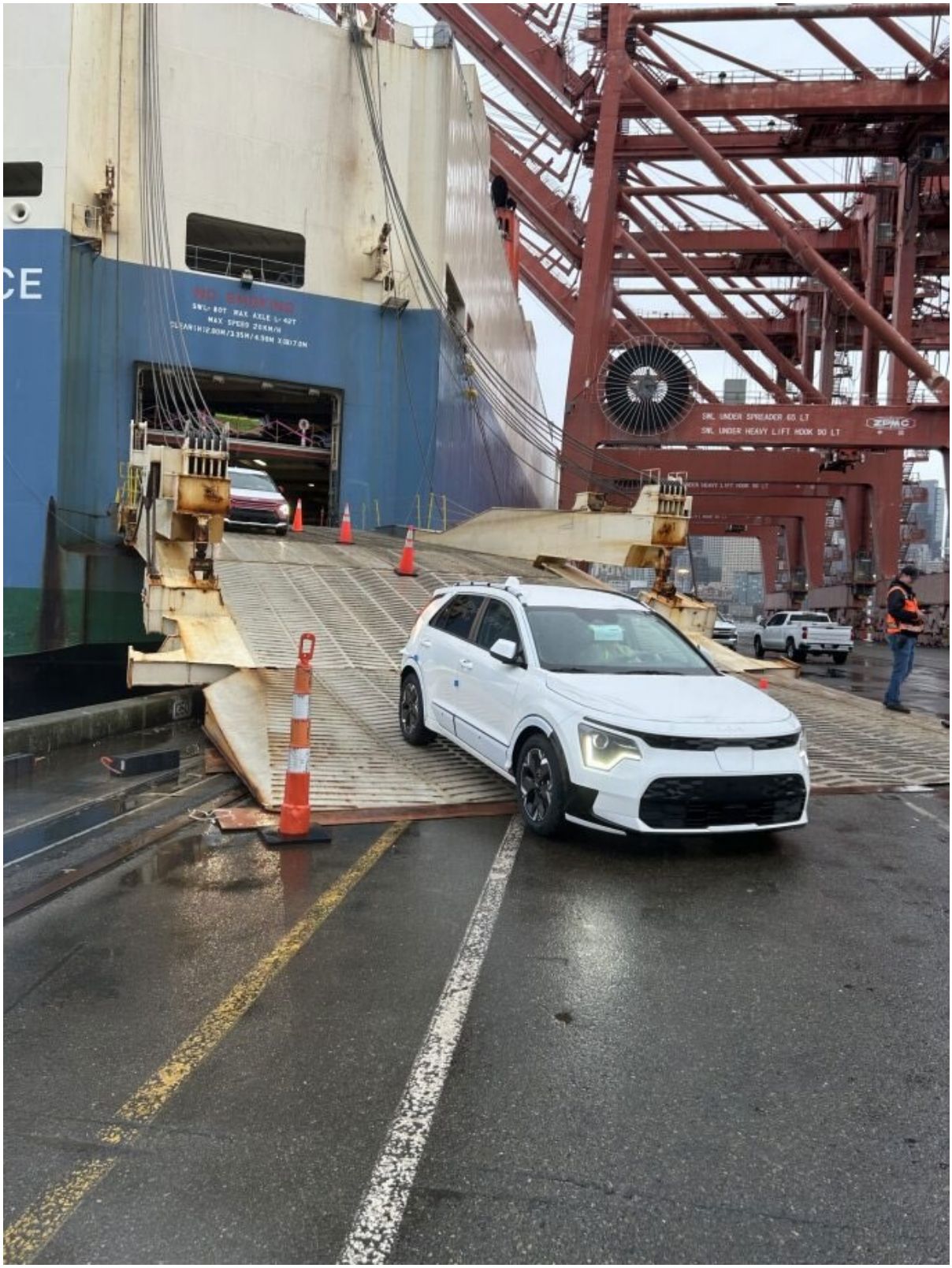
Conclusion

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.



Auto vessel discharge at Terminal 46.

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 3% in the second quarter of 2024 and 1.4% in the first quarter of 2024. BEA said, "*The increase in real GDP primarily reflected increases in consumer spending, private inventory investment, and nonresidential fixed investment*."

TTX, a railcar and freight management company, reports GDP as 2.8% in the second quarter and 1.4% in the first quarter. TTX says, *"Second quarter GDP growth was broad-based, benefitting from stronger-than-expected consumer spending and business investment, along with better inventory growth (compared to Q1) and consistent government spending*."

According to TTX, headline inflation rose to 2.6% in Q2 2024, while core inflation rate (excluding food and energy) fell to 2.7%, the lowest level since Q1 2021 (1.9%). The service sector has been the recent driver of overall inflation. Consumers continue to face price hikes in housing, transportation, and medical services, which are all necessities. The goods sector, excluding food and energy, saw inflation of -1.8% in June, which means prices declined.

Consumer spending accounts for roughly 68% of the U.S. economy. So far, the U.S. has managed to avoid a post-COVID recession, but consumers are struggling with lingering inflation as well as higher interest rates. Wage growth has also slowed and the job market has tightened. Financial conditions have also tightened; , savings rates have declined, and there are more credit card delinquencies. Despite these challenges, consumer spending has remained strong

The Bureau of Labor Statistics puts the U.S. unemployment rate at 4.2% in August, with 142,000 jobs added for the month, with job gains in construction and healthcare.

According to the National Association of Realtors (NAR), existing home sales grew 1.3% in July 2024, ending four straight months of decline. Lawrence Yun, NAR's chief economist, said, "*Despite the modest gain, home sales are still sluggish. But consumers are definitely seeing more choices, and affordability is improving due to lower interest rates."*

The Conference Board reported August 2024 Consumer Confidence Index at 103.3, up from 101.9 in July. The Conference Board's Chief Economist Dana Peterson says, "*Consumers continued to express mixed feelings in August. Compared to July, they were more positive about business conditions, both current and future, but also more concerned about the labor market. Consumers' assessments of the current labor situation, while still positive, continued to weaken, and assessments of the labor market going forward were more pessimistic. This likely reflects the recent increase in unemployment. Consumers were also a bit less positive about future income*."

Shipping Industry

Uncertainty around the U.S. East/Gulf Coast labor contract negotiations, which expires September 30, has caused shippers to ship ahead and divert cargo to the west coast. In addition, rail labor unrest in Canada has resulted in diverted cargo through our gateway.

The U.S.-China trade war and the pandemic, which 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, continues to be felt. 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 compete with the infrastructure and skilled labor China offers. Russian's invasion of the Ukraine and the conflict in the Middle East continue to inject uncertainty and risk to supply chains. Climate-related weather conditions in the Panama Canal (drought) and North America and have impacted transportation by ocean and rail.

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. In 2024, 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, Swire (Westwood), Swire/UWL, Hamburg Sud, and SM Line.

In 2025, there will be a shakeup in the alliances.

- Maersk and Hapag-Lloyd will form the Gemini Cooperation
- The remaining members (Yang Ming, ONE, and HMM) of THE Alliance will form the Premier Alliance
- Ocean Alliance will remains as is
- MSC will operate independently and has acquired and chartered additional vessels to increase its container capacity to participate in all trade lanes . Swire (Westwood), Swire/UWL, and SM Line will also operate independently.

Northwest Seaport Alliance Activity

Containers:

Through August 2024, the NWSA has handled 2.1 million TEUs (twenty-foot equivalent units), a 14.1% increase year-to-date. Year-over-year comparisons reflect diverted cargo from the East Coast as shippers ship ahead of the contract expiration date and divert from Canada due to fires and to avoid rail-related labor disruptions

NWSA container volume is projected to increase in 2024 and 2025 in part a result of Swire Shipping/UWL's planned transition of their biweekly Sun Chief service to weekly. The impact of volumes from the Gemini Cooperation and newly formed Premier Alliance are unknown. 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. In addition, near sourcing from Mexico, which faces issues, could also have an impact.

Breakbulk:

Breakbulk cargo is comprised of commodities 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. Breakbulk tonnage (both harbors and includes military) is estimated to reach approximately 475K metric tons in 2024, followed by growth in 2025.

Autos:

NWSA/POT auto units for 2024 are forecasted to reach 356K units. 2025 volumes are expected to grow to 366K 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 824K metric tons in 2024 with conservative growth in subsequent years. Molasses volumes are forecasted to be 31K metric tons in 2024 with slight growth thereafter.

Table III-1…. Cargo Activity Five-Year Forecast

THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST

					Actual		Forecast				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Non-Container Forecast (Thousands of Metric Tons)											
Breakbulk	246	292	366	478	453	475	486	494	501	509	517
Autos	306	245	262	288	567	567	549	560	571	583	594
Logs	76	0	0	0	0	0	0	0	0	0	0
Petroleum	636	677	524	709	785	824	824	825	826	827	827
Molasses	47	42	33	32	39	31	32	32	32	32	32
Total Tonnage	**1,311**	**1,256**	**1,186**	**1,507**	**1,844**	**1,897**	**1,891**	**1,910**	**1,930**	**1,950**	**1,971**
Year over Year change	0.4%	-4.2%	-5.6%	27.1%	22.4%	2.9%	-0.3%	1.0%	1.0%	1.0%	1.1%
Container Forecast (Thousands of TEUs)											
International	3,058	2,636	2,992	2,650	2,237	2,472	2,560	2,648	2,715	2,774	2,830
Domestic	717	685	744	734	738	750	759	768	777	786	795
Total TEUs	**3,775**	**3,320**	**3,736**	**3,384**	**2,974**	**3,222**	**3,319**	**3,416**	**3,492**	**3,560**	**3,625**
Year over Year change	-0.6%	-12.1%	12.5%	-9.4%	-12.1%	8.3%	3.0%	2.9%	2.2%	2.0%	1.8%
Intermodal Yard Lifts*											
Hyundai Intermodal Yard	124,778	85,401	125,228	101,828	140,865	154,279	125,000	127,500	130,050	132,651	135,304
North Intermodal Yard	178,205	147,269	159,023	91,583	110,369	131,273	125,000	127,500	130,050	132,651	135,304
South Intermodal Yard	86,271	89,529	102,168	121,561	120,885	110,109	112,311	114,557	116,849	119,186	121,569
Pierce County Intermodal Yard	71,310	45,684	27,856	33,926	40,056	46,952	63,000	64,260	65,545	66,856	68,193
Total Intermodal Lifts	**460,564**	**367,883**	**414,275**	**348,898**	**412,175**	**442,613**	**425,311**	**433,817**	**442,494**	**451,344**	**460,370**
Year over Year change	1.7%	-20.1%	12.6%	-15.8%	18.1%	7.4%	-3.9%	2.0%	2.0%	2.0%	2.0%
Log Board Feet	**15,192,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Year over Year change	-34.4%	-100%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vehicle Units (NWSA+POT)	**191,822**	**156,205**	**162,484**	**172,979**	**338,917**	**355,542**	**365,978**	**373,298**	**380,764**	**388,379**	**396,146**
Year over Year change	31.3%	-18.6%	4.0%	6.5%	95.9%	4.9%	2.9%	2.0%	2.0%	2.0%	2.0%

* Intermodal Lifts Reported for South Harbor only



John Deere tractors imported and resting on East Blair 1 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 expenditure 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 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 a direct headcount of 69 positions. Salaries are expected to increase by between 4% and 6%
- 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 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*

($ millions)	2023 Actual	2024 Budget	2024 Forecast	2025 Budget
Operating Revenues				
Container	186.7	204.2	208.3	213.0
Non Container	34.8	31.0	38.7	36.8
Real Estate	16.9	17.7	18.1	18.7
Other	0.0	0.0	0.0	0.0
Total Operating Revenues	**238.4**	**252.8**	**265.1**	**268.5**
Direct and Maintenance Expenses				
Container	41.8	51.5	42.2	49.1
Non Container	20.8	20.9	24.4	25.2
Real Estate	2.0	1.3	1.1	1.7
Other	16.1	20.2	29.4	31.8
Total Direct & Maintenance Expenses	**80.8**	**93.8**	**97.1**	**107.8**
Administration	18.9	24.5	21.9	26.3
Security	4.6	3.8	3.8	5.3
Environmental	2.6	2.1	2.5	4.1
Total Operating Expense before Depreciation	107.0	124.2	125.4	143.5
Operating Income before depreciation	*131.5*	*128.7*	*139.7*	*125.0*
Depreciation & Amortization	21.0	29.4	24.8	28.9
Total Operating Expense	**128.0**	**153.6**	**150.2**	**172.4**
Income from Operations	**$110.5**	**$99.3**	**$114.9**	**$96.1**
Return on Revenue	*46.3%*	*39.3%*	*43.3%*	*35.8%*
Non Operating Income (Expense)	4.9	15.0	0.9	20.6
Distributable Income before Special Item	**115.4**	**114.3**	**115.7**	**116.7**
Special Item				
Distributable Income	**$115.4**	**$114.3**	**$115.7**	**$116.7**
Distributable Cash	**$136.4**	**$143.7**	**$140.6**	**$145.6**

* Amounts may not foot due to rounding.

Table IV-2 Operating Revenue and Expense Detail*

($ millions)	2023 Actual	2024 Budget	2024 Forecast	2025 Budget
Property Rental	$62.8	$74.2	$66.7	$69.5
Sale of Utilities	1.8	1.8	2.8	3.2
Services Marine Terminals	148.3	159.2	168.3	172.0
Equipment Rentals	19.1	17.7	20.5	19.4
Other Revenue	6.5	0.1	6.8	4.4
Operating Revenue	**238.4**	**252.8**	**265.1**	**268.5**
Home Port Services Provided	22.7	24.9	22.5	27.7
Port Salaries & Benefits	9.9	12.3	12.3	14.3
Outside Services	3.2	4.2	5.3	7.2
Longshore Labor & Fringe	14.6	11.5	15.4	15.0
Direct Expenses	22.2	24.6	34.6	35.1
Marketing & Global Outreach	0.7	0.7	0.7	0.8
Travel & Hosting	0.6	0.9	0.8	1.2
Maintenance	23.6	37.3	23.5	32.7
Office Equipment & Supplies	0.3	0.3	0.3	0.3
Utilities	5.9	5.3	6.7	6.9
Other Employee Exp	0.3	0.2	0.2	0.2
Other Expenses	0.9	0.1	0.4	0.0
Environmental	2.2	2.0	2.6	2.1
Total Operating Expenses before Dep.	**107.0**	**124.2**	**125.4**	**143.5**
Operating Income before Depr.	*131.5*	*128.7*	*139.7*	*125.0*
Depreciation & Amortization	21.0	29.4	24.8	28.9
Total Operating Expenses	**$128.0**	**$153.6**	**$150.2**	**$172.4**
Operating Income	**$110.5**	**$99.3**	**$114.9**	**$96.1**
Return on Revenue	*46.3%*	*39.3%*	*43.3%*	*35.8%*
Non Operating Revenue and Expenses	4.9	15.0	0.9	20.6
Net Assets Before Special Items	**115.4**	**114.3**	**115.7**	**116.7**
Increase in Net Assets	**$115.4**	**$114.3**	**$115.7**	**$116.7**
Distributable Cash (calculated)	**$136.4**	**$143.7**	**$140.6**	**$145.6**

* Amounts may not foot due to rounding.

Table IV-3…. Statement of Revenues, Expenses and Changes in Net Position*

	2023 Actual	2024 Forecast	2025 Budget	Change from Prior Year Forecast
($ Millions)				
Operating Revenue	$238.4	$265.1	$268.5	1.3%
Total Operating Expenses before Dep.	(107.0)	(125.4)	(143.5)	14.5%
Depreciation & Amortization	(21.0)	(24.8)	(28.9)	16.5%
Operating Income	**110.5**	**114.9**	**96.1**	**-16.4%**
Non Operating Revenues (Expenses)				
Interest Income	2.9	3.1	2.7	-11.0%
Premium Discount	(0.1)	(0.1)	(0.1)	-2.0%
Market Value Adjustments	0.8	0.1	0.0	-100.0%
Non-Capital Grant Income	0.5	0.2	0.0	-100.0%
Capital Grant Contributions	5.7	3.9	18.7	384.4%
Other Non Operating Revenue (Expense)	(4.9)	(6.2)	(0.8)	-87.8%
Total Non Operating Income (Expense)	**4.9**	**0.9**	**20.6**	**2259.7%**
Net Distributable Revenue (Net Income)	**115.4**	**115.7**	**116.7**	**0.8%**
Distributable Cash				
Net Distributable Revenue (Net Income)	115.4	115.7	116.7	0.8%
Add Depreciation and Amortization	21.0	24.8	28.9	16.5%
Distributable Cash*	**136.4**	**140.6**	**145.6**	**3.6%**
Net Position				
Net Position beginning of year	578.7	628.6	669.7	6.5%
Add Contributions and Expected Capital Construction	60.1	65.9	150.1	127.8%
Add Net Distributable Revenue (Net Income)	115.4	115.7	116.7	0.8%
Less Cash Distributions	(125.6)	(140.6)	(145.6)	3.6%
Net Position end of year	**$628.6**	**$669.7**	**$790.9**	**18.1%**

* Per charter section 5.3 and charter definition 1.1 (p)

* Amounts may not foot due to rounding.

Table IV-4…. Allocations and Direct Charges Summary*

($ Millions)	2023 Actual	2024 Budget	2024 Forecast	2025 Budget
Port of Tacoma to NWSA	$29.9	$32.8	$31.6	$35.7
Port of Seattle to NWSA	$13.4	$12.2	$12.2	$13.6
NWSA to Port of Tacoma	$0.7	$0.8	$0.7	$0.9

Table IV-5…. Six-year Statement of Revenue, Expenses and Change in Assets*

($ millions)	2025	2026	2027	2028	2029
Operating Revenue	$268.5	$281.2	$288.2	$297.0	$308.2
Total Operating Expenses before Dep.	(143.5)	(142.7)	(145.5)	(143.8)	(145.9)
Depreciation & Amortization	(28.9)	(43.9)	(47.8)	(52.1)	(54.5)
Operating Income	**96.1**	**94.7**	**94.9**	**101.2**	**107.8**
Grant Income	18.7	15.9	19.0	13.4	3.0
Other Non Operating Income	1.9	1.6	1.4	1.4	1.4
Net Distributable Revenue	**116.7**	**112.2**	**115.2**	**115.9**	**112.1**
Distributable Cash (calculated)	$145.6	$156.1	$163.0	$168.0	$166.6

* Amounts may not foot due to rounding.



Tri-cities Intermodal's inaugural shipment of rail cargo at Pierce County Terminal.

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 the decision to pursue the opportunity to the 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 and potential grants.

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 2024, 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 2025 - 2029 Capital Investment Plan focuses on the following strategic and maintenance projects:

Strategic investments:

- Modernization construction at Terminal 7D in the Tacoma harbor
- Completion of the backlands and other improvements at Terminal 5
- Replace wooden light poles at several terminals in the South Harbor
- Terminal expansion at Husky
- Design shore power at T18, WUT, and PCT

Maintenance investments:

- Replace fender system and water lines at T18
- Rehabilitate Wapato creek culvert
- Maintenance dredging at several container terminals of both harbors
- Berth dredging and toe wall at Husky and WUT terminals
- Maintenance and rehabilitation of 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)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Historical Capital	134.4	90.6	58.8	53.6						
Planned Capital					65.9	150.1	129.2	95.4	38.9	6.4
Grand Total	**$ 134.4**	**$ 90.6**	**$ 58.8**	**$ 53.6**	**$ 65.9**	**$ 150.1**	**$ 129.2**	**$ 95.4**	**$ 38.9**	**$ 6.4**

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 $481.3 million worth of planned projects (capitalized and expensed) in the next five years, with $169.8 million of that total earmarked for 2025. 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 162 projects, 85 of which are capitalized and 77 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 expenses expect to increase when these projects are complete: redevelopment of Terminal 5 phase 2, modernization at Terminal 7D and construction to replace aging assets of the Wapato creek culvert.

Funding

Capitalized projects are funded by the two homeports and grants or other 3rd party funds if available. Expensed projects are funded by cash generated by the NWSA and grants, homeport funds, or other 3rd party funds if available.

Table V-2....Five-Year Planned Capital Investment Plan by Purpose

($ Millions)

	2025	2026	2027	2028	2029	Total
Infrastructure	$6.4	$5.4	$3.9	$1.9	$0.5	$18.1
Renewal	78.4	110.3	84.7	40.8	11.4	325.5
Revenue	85.0	29.1	19.7	3.7	0.2	137.7
Grand Total	**$169.8**	**$144.7**	**$108.4**	**$46.4**	**$12.1**	**$481.3**

Amounts may not foot due to rounding

Table V-3....Five-Year Planned Capital Investment Plan by Accounting Treatment

($ Millions)

	2025	2026	2027	2028	2029	Total
Capitalized	$150.1	$129.2	$95.4	$38.9	$6.4	$420.0
Operating Expense	19.0	15.5	13.0	7.5	5.7	60.6
Non-Operating Expense	0.7	0.0	0.0	0.0	0.0	0.7
Grand Total	**$169.8**	**$144.7**	**$108.4**	**$46.4**	**$12.1**	**$481.3**

Amounts may not foot due to rounding

Table V-4....Five-Year Planned Projects by Line of Business

($ Millions)

	2025	2026	2027	2028	2029	Total
Container Business	$157.2	$117.6	$84.8	$22.4	$2.1	$384.1
Non Container Business	4.4	15.9	16.8	15.5	6.4	59.0
Real Estate	1.5	0.9	2.9	3.6	0.1	8.9
Infrastructure	6.7	10.4	3.9	4.9	3.5	29.3
Grand Total	**$169.8**	**$144.7**	**$108.4**	**$46.4**	**$12.1**	**$481.3**

Amounts may not foot due to rounding

Table V-5....Depreciation Impact Due To Capitalized Projects

($ Millions)

	2025	2026	2027	2028	2029	Total
Container Business	$ (2.9)	$ (14.1)	$ (18.1)	$ (22.2)	$ (24.7)	$ (82.0)
Non Container Business	(0.5)	(4.0)	(4.1)	(4.1)	(4.0)	$ (16.7)
Real Estate	(0.0)	(0.1)	(0.2)	(0.2)	(0.5)	$ (0.9)
Infrastructure	(0.8)	(1.1)	(1.1)	(1.6)	(1.6)	$ (6.3)
Grand Total	**$ (4.1)**	**$ (19.3)**	**$ (23.4)**	**$ (28.1)**	**$ (30.9)**	**$ (105.8)**

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.

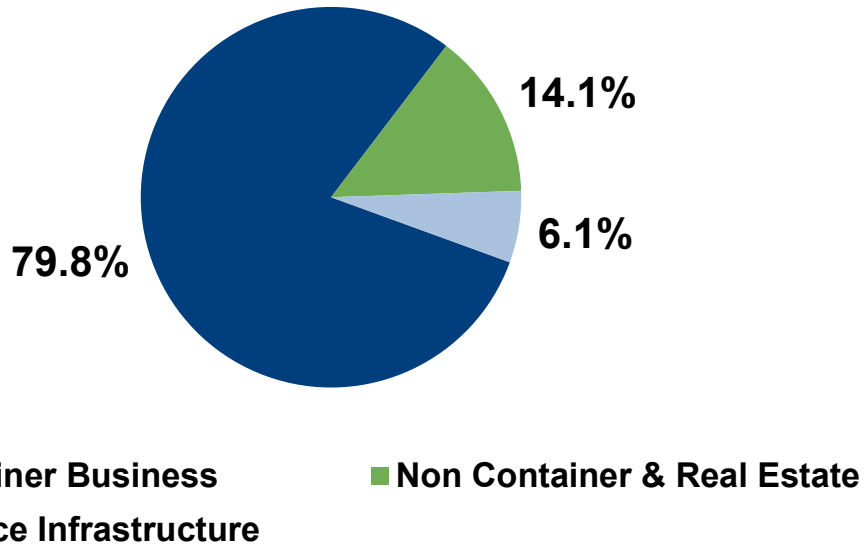
Container Terminals Business

Planned capital expenditures for container terminals will total approximately $384.1 million over the next five years. The CIP for this business will provide the funds necessary to complete the remaining projects to support the completion of modernizing Terminal 5 in the North Harbor; modernize Terminal 7D and terminal expansion at Husky in the South Harbor; shore power design and wharf rehabilitation at Terminal 18; maintenance and berth dredging at several container terminals; rebuild Wapato creek culvert; expand reefer plugs at PCT; install LED lightings at several terminals in the South Harbor.

Non-Container Business & Real Estate

Approximately $67.9 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 2025, 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 is 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 $190,000 in 2024 towards this effort to sustain the program. In 2023-24, 71% of vessel transits slowed, leading to a 50% reduction in underwater noise intensity when whales were present.

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.

Accomplishments in 2024 include:
During 2023, Water Quality staff engaged in settlement discussion meetings with Ecology on the 2025 Industrial Stormwater General Permit. These meetings continued into early 2024, prior to the draft permit being released for public comment in May of 2024. The draft permit contains many proposed changes that will directly impact Ports. Staff have been actively working with other departments including Real Estate, Communications, and Government Affairs as well as external partners such as WPPA to build coalition with internal and external partners. Comments were submitted on behalf of the Port of Tacoma by the deadline of July 15. Water Quality Staff are currently planning for implementation of the 2025 ISGP on January 1, 2025.

During 2024, Water Quality Staff have also provided technical support for multiple legal cases related to the ISGP.

- Completing industrial, and outfall site inspections 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,
- Educating internal and external stakeholders on proposed changes to 2025 ISGP
- Review and comment on Draft 2025 ISGP

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 2024, the WQ Team submitted application to Ecology to certify treatment systems designed for use at the Tacoma and Seattle harbors through 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. During 2025, we will manage new ISGP permits as necessary in the North Harbor, as well as continue to support other projects.

Accomplishments include:

- Coordination with Seattle Harbor stormwater staff on projects including completion of treatment vault installation at T46,
- Assistance with tenant SWPPPs,
- Continued coordination with Marine Maintenance and Stormwater utility on water quality issues in the North Harbor.
- Provide lease review and project support for new projects 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, the priority for 2025 will be implementation of the 2025 ISGP. This will include obtaining permits for Port and NWSA operated facilities, as well as working with tenants.

Accomplishments in 2024 include:

- Completion of paving of EB-1 terminal Coordinating business inspections with the City of Tacoma.
- Innovative treatment technology involvement with design of future Port of Tacoma Administration building and Maritime 253 building.
- Provide design assistance to Port of Tacoma of Arkema redevelopment

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 2024 include:

- Continue to support and coordinate permitting issues with the City of Tacoma,
- Coordination with City of Tacoma on MS-4 stormwater coordination and ILA discussions
- Completed PCT truck queue erosion repair work,

- Completed 11th Street Demo project,
- Provide design support for the potential redevelopment of Arkema site,
- Provide design support for Parcel 86 pipe realignment.
- Provide design support on new Port of Tacoma Stormwater Center and Decant Facility

2025 Goals

In 2025, the WQ team will

- Continue to support emerging projects including , ditch maintenance in the Tacoma Harbor, and the Thorne Road Off-Dock Container Expansion yard for which Ecology funded a $4.37M grant.
- Continue conversations with Ecology regarding the 2025 Industrial Stormwater General Permit (ISGP)
- Implement 2025 ISGP on Port operated facilities
- Implement and meet new requirements of 2024 Phase I Municipal Permit
- Continue work towards certification for treatment systems with Ecology GULD/TAPE program.
- Use various tools including surveys, newsletters, and site visits, to share information on 2025 ISGP with tenants and assist with stormwater management issues .
- Begin work on high priority sites for infrastructure upgrades related to systemic flooding issues per the Stormwater Infrastructure Comprehensive PlanContinue utilizing Drone technology for outfall and other permit required inspections, derelict vessel investigations, and shoreline mapping
- Implement 2024 MS-4 Phase I permit for the Port of Tacoma
- Continue to be a leader in the stormwater section of Green Marine Certification.
- Finalize ILA negotiations with City of Tacoma on behalf of the Port 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 2024 Accomplishments

- Continued to coordinate and lead implementation of the NWSA's 2021-2025 Clean Air Implementation Plan to advance the 2020 NWPCAS;
- Continued to implement the Diesel Truck Scrap-and-Replace Program, which helps the owners/operators of pre-2007 drayage trucks transition tocleaner diesel vehicles.
- Launched the Zero Emission Drayage Incentive Program to incentivize deployments of zero-emission drayage trucks in the NWSA gateway.
- Continued to support and participate in the Puget Sound Zero Emission Truck Collaborative, a multistakeholder working group that developed a coordinated Decarbonizing Drayage Roadmap.
- Laid the foundation for a new Zero Emission CHE Incentive Program, set to launch in late 2024 or early 2025. This program will encourage marine terminal operators and other operating partners o scrap old diesel equipment and replace it with zero-emission technologies;
- Continued to lead the NWSA's engagement in the US-Korea Green Corridors Project, in partnership with the U.S. Government, the Republic of Korea, two Korean

ports (Busan Port Authority and Ulsan Port Authority), and several commercial partners. In 2024 the pre-feasibility phase of the project was completed and the feasibility phase was initiated.

- Continued to support the shore power installation program, including construction at Husky Terminal, design at T-18, and planning at PCT, WUT, and EB-1.

- 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;

- Supported completion of the shore power infrastructure installation at Terminal 5, initiation of construction at Husky Terminal, and initiation of design at Terminal 18;

- 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;

- Completed and published the update to the Puget Sound Maritime Emissions Inventory (PSEI).

- In collaboration with the ports of Seattle and Tacoma, continued efforts to communicate and engage with near-port communities and other external stakeholder and partners, including continued publication of the Ports Clean Air Quarterly (a quarterly newsletter) and the launch ofr www.nwcleanports.org (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. In 2024 the AQSP Team helped secure more than $40 million in state and federal grants (including four federal awards and one state award), and wrote a $500 million proposal to the EPA Clean Ports Program (results pending).

Key 2025 Goals

- Continue to lead and coordinate implementation of the NWSA 2021-2025 Clean Air Implementation Plan; Design and lead a process to develop and secure adoption of a 2026-2030 Clean Air Implementation Plan;

- Continue to implement the Diesel Truck Scrap-and-Replace Program.

- Continue to support enforcement of the Clean Truck Program rule (disallowing pre-2007 trucks) at the three domestic terminals by the end of 2025.

- Continue to implement the Zero Emission Drayage Incentive Program, with support from a third-party administrator.

- Continue to support and participate on the Puget Sound Zero Emission Truck Collaborative and implementation of the Decarbonizing Drayage Roadmap – including continuing to partner with the e Port of Seattle's Office of Equity, Diversity and Inclusion to insure the integration of diversity, equity, and inclusion goals into the program..

- Launch and implement the new Clean CHE Incentive Program;

- Complete feasibility studies and develop roadmaps for two green cargo corridors between the NWSA gateway and Korean ports: a container ship corridor with Busan and a car carrier corridor with Ulsan. Develop and launch a new Port Readiness Enhancement Program (PREP) to advance the NWSA's capacity to receive and serve cargo ships operating on alternative fuels.

- Continue to support the shore power program, including operations at Husky Terminal and design at T-18, WUT, PCT, and EB-1.

- Continue to publish the Ports Clean Air Quarterly and update www.nwcleanports.org.

- 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 & 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.

Overview of services:

- **Land Use Planning and Advocacy**: Provide expert level land use planning services to protect manufacturing and industrial lands for seaport operations; review and provide comment on local and regional land use policies and regulations; provide technical support and advice on relevant state and federal policies.
- **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 traffic congestion reduction and advance warning technology in the Tideflats, analyzing off-terminal traffic flow and circulation, truck parking, and preservation of freight and heavy haul routes.
- **Project Feasibility Development**: Support strategic port planning and the opportunity assessment process by maintaining a general understanding of all focus areas within the Department, especially the environmental specialties.
- **Strategic Planning and Visioning**: Support development of strategic and business plans including internal and external engagement and consultant services. The team also supports periodic updates of the Port's Economic Impact Analysis.
- **Grant Program Coordination**: Coordinate grant application efforts to ensure a unified and proactive approach. Grants are sought to help offset the cost of infrastructure, equipment transportation technology, and planning, whenever feasible. Coordination efforts encompass tracking priority projects and grant opportunities. The team also provides staff support to the Grant Steering Committee and communication with staff involved in grant writing as well as providing commission updates.

2024 Planning & Logistics Key Accomplishments

- Completed the Cargo Terminal Access Strategy for the North Harbor.
- Coordinated submission of approximately $560 million in grant applications.
- Managed the Economic Impact Analysis update, which for the first time includes an equity analysis and studies all lines of business for the NWSA, POS, and POT.

2025 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



Longshore worker connecting an MSC vessel to shorepower at Terminal 5 in the North Harbor.

Appendix A: NWSA Full Time Personnel

	NWSA			
	2023 Actual	2024 Budget	2024 Actual	2025 Budget
Executive	9	9	10	11
External Affairs (Public Affairs & Communications)	4	4	4	5
Finance And Administration	2	2	2	2
Commercial Business	18	21	21	21
Operations	9	10	12	12
Facilities Development	13	16	17	18
Total	55	62	66	69

*2024 Actual is 2024 forecasted ending headcount

Northwest Seaport Alliance Average Compensation (excluding CEO)

The 2025 staffing budget of $14,281,313 includes the following:

- $9,957,246 for salaried employees and $96,088 for hourly employees which includes;
    - $275,044 for annual pay increases for salaried employees starting April.
    - $24,269 for annual recognition program paid to salaried employees in April.
    - $194,149 for marketplace adjustment for salaried employees during the year.
    - Average salary of $142,757
- Total benefits of $4,227,979

Changes in NWSA Full Time Personnel from prior budget

- Operations: 2 open positions added
- Facilities Development: 2 positions added.
- Executive: 2 positions added
- External Affairs: 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 obtain 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.

Annual NWSA Memberships & Personnel Memberships (estimated)

Organization	Annual Dues
American Association of Port Authorities	$83,000
Pacific Northwest Waterways Association	37,000
Washington Council on International Trade	20,000
Green Marine	12,000
Clean and Prosperous Washington	10,000
All Other Memberships	8,583
Total NWSA Memberships	$237,400

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 in Washington state to enact smart climate policies.

The Northwest Seaport Alliance

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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.

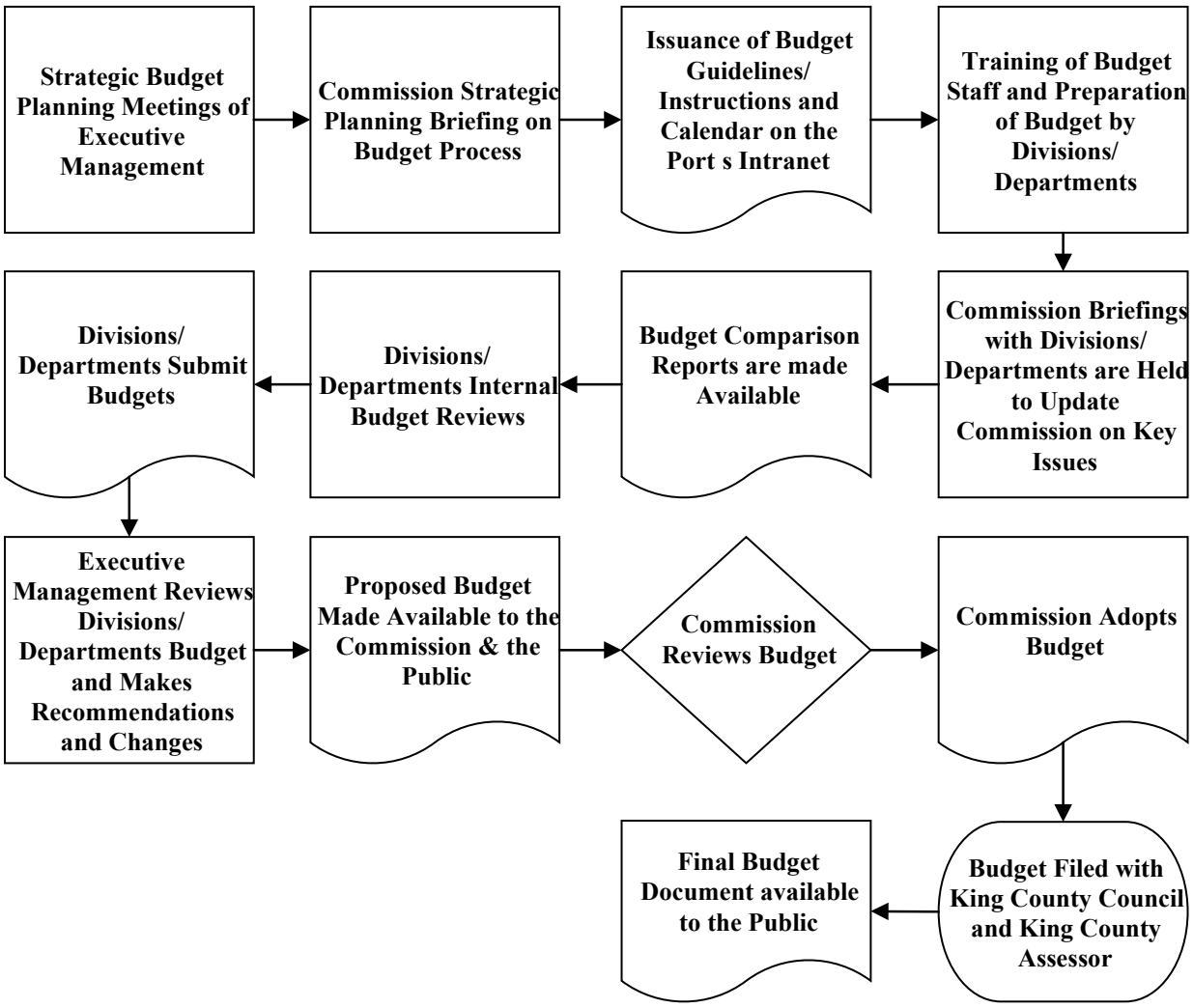
e. Operating Budget Process:

The steps in the 2025 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 27.
- 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:

Date	Activity
5/13/24	2025 Budget Planning with the Executive Leadership Team
6/26/24	Commission Budget Retreat
7/5/24	Financial planning and analysis system available for input
7/5/24	Budget Guidelines/Instructions and Calendar Available
7/8 - 10/6/24	Preparation of budget by divisions/departments
7/23/24	Budget Development Briefing
8/2/24	Central Services Departments New Budget Requests Due to Finance & Budget (F&B)
8/9/24	Central Services Allocation forms available for review
8/15 - 8/23/24	Executive Review of Central Services Department's New Budget Requests
8/28/24	Central Services Departments Final Entries Completed
8/30/24	Non-Operating Budgets due to F&B
9/1/24	Central Services Budget Support Documentation due to F&B
9/9/24	Executive Review of Central Services' Operating & Capital Budgets
9/11/24	Executive Review of Maritime's Operating and Capital Budgets
9/11/24	Executive Review of EDD's Operating and Capital Budgets
9/12/24	Executive Review of Aviation's Operating and Capital Budgets
9/24/24	Commission Briefing on Central Services Operating and Capital Budgets
10/8/24	Commission Budget Study Sessions for Aviation and Maritime Operating and Capital Budgets
10/22/24	Tax Levy and Draft Plan of Finance Commission Briefing
10/22/24	2025 Preliminary Budget document is available to the Commission
10/24/24	2025 Preliminary Budget document is released to the Public
11/12/24	Introduction of the 2025 Preliminary Budget and Public Hearing
11/19/24	Adoption of the 2025 Budget
11/27/24	Filing of Budget with King County Council & King County Assessor as required by law
12/5/24	Release of the 2025 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 2024 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.

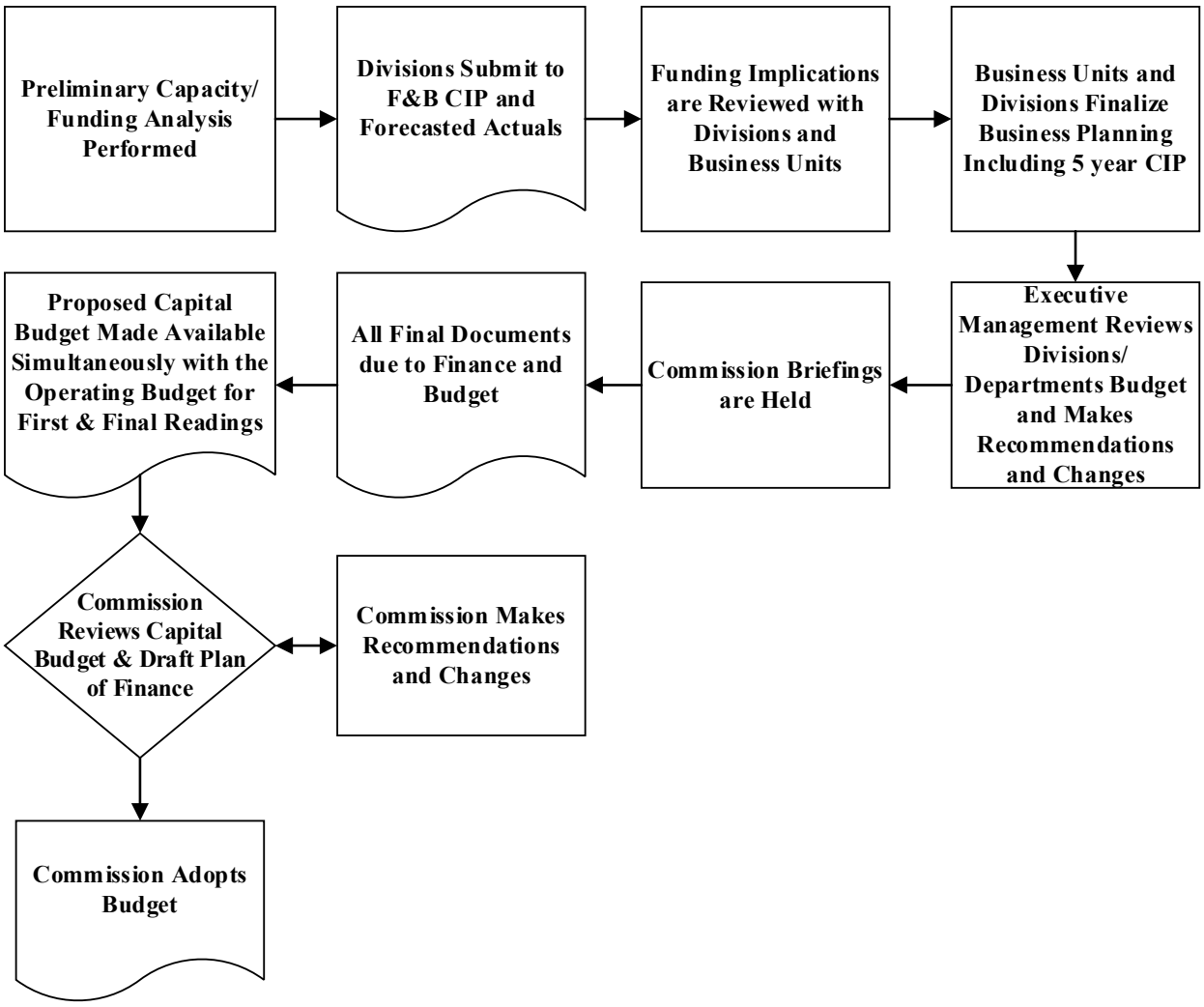
b. Capital Budget Process:

- 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 2025-2029.
- This information is then reviewed by Executive, presented to the Commission, and included in the 2025 Final Budget document.

After the close of the 2024 fourth quarter in January 2025 and based on the 2024 fourth quarter CIP update, the divisions should have more refined capital spending estimates for 2025. Each division may choose to adjust the spending from the original list of projects in the Capital Budget, to establish the 2025 approved funding amount for each project and for the division as a whole. The adjusted Capital Budget will become the "Approved 2025 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 2025 Capital Budget planning calendar:

Date	Activity
6/26/24	Commission Budget Retreat
7/23/24	Budget Development Briefing
8/15 - 9/12/24	Executive Review of Operating and Capital Budgets for all divisions
9/6/24	Preliminary Aviation Forecast Model due to F&B
9/24/24	Commission Briefing on Central Services Operating and Capital Budgets
9/27 - 10/4/24	F&B finalizes Capacity/Funding Analysis
10/8/24	Commission Budget Study Sessions for Aviation Operating and Capital Budgets
10/8/24	Commission Briefing on Maritime and EDD Operating and Capital Budgets
10/22/24	Tax Levy and Draft Plan of Finance Commission Briefing
10/24/24	2025 Preliminary Budget document is released to the Public
11/12/24	Introduction and Public Hearing of the 2025 Budget
11/19/24	Adoption of the 2025 Budget
11/27/24	Filing of Budget with King County Council & King County Assessor as required by law
12/5/24	Release of the 2025 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 50.9 million passengers in 2024. Thirty-five airlines serve 94 non-stop domestic and 34 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, maritime operations, and real estate portfolio asset management.

The Economic Development Division focuses on real estate development and planning, tourism, developing small business opportunities, and managing Lower Duwamish Hub and Grant Programs.

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

This section intentionally left blank.
Will be updated in the Final version.

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	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: • 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) • Operating expenses for Central Services allocated to the non-airport businesses • 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. • Non-operating expenditures that are directly associated with non-airport businesses. • 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.
	Tax Levy	00020	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.
	Transportation & Infrastructure Reserve (TIF)	00021	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.

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) • Revenue • Capital	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 1/6th 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 • Revenue • Debt Service • Project • Reserve	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 1/6th of the semi-annual interest and 1/12th 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 2025 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 $568.4 M, an increase of 9.2% compared to the 2024 budget. Non-aeronautical revenues are budgeted at $365.6 M, which is 9.9% higher than the 2024 budget mainly driven by higher demand for Public Parking, Rental Cars, and Airport Dining and Retail. The 2025 Aviation expenses are expected at $563.2 M, an increase of 13.6% from the 2024 budget mainly driven by increases in payroll, potential new real estate opportunities, sound insulation repair and replacement pilot program, and other contractual expenses.

Maritime revenues are budgeted at $118.1M, an increase of 9.7% over the 2024 budget mainly due to the expected revenue increases in Cruise Operations, Fishing & Operations, and Recreational Boating; partially offset by lower Grain revenue. Maritime expenses are budgeted at $103.4M, an increase of 3.3% compared to the 2024 budget mainly due to pay increase.

Economic Development expenses are budgeted at $9.1M, an increase of 14.6% from the 2024 budget driven by higher payroll costs and outside services.

- The Airport expects total passengers a 2.2 percent growth from 2024 forecast and 3.2 percent above pre-pandemic levels.
- Cruise forecasts a record 299 vessel sailings due to the addition of a new ship with 12 calls and 104 percent occupancy rate based on tentative berth reservations.
- Grain volume is budgeted at 3.5 million metric tons based on forecast from tenant, a 5.1 percent decrease from the 2024 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 2025, consistent with current results.

Port-wide salaries for non-represented (exempt and non-exempt) employees have been budgeted for a 5% average annual pay increase. 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 $1,528.20 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 20.85% of pay in 2025.

APPENDIX C: BUSINESS ASSESSMENT

1. National and Local Economy and Outlook

Economic growth has resumed largely due to fiscal and monetary policy geared to support businesses, increase state and local funding, and provide direct payments to individuals. However, strong demand for commodities coupled with ongoing supply issues have caused inflation rates to surge peaking at 9.1% in June 2022. In response, the Federal Reserve raised interest rates which led to a decline in inflation. Inflation continues to hover around 3% or higher for the past thirteen months. In June, Consumer Price Index (CPI) went down 0.1% on a seasonally adjusted basis but was 3.0% higher year-over-year. Likewise, energy prices decreased 2.0% but was 1.0% higher compared to last year. Meanwhile, shelter costs increased by 0.2% and was 5.2% higher year-over-year. Core prices are up 3.3% compared to last year.

Real GDP rose to 1.4% Seasonally Adjusted Annual Rate (SAAR) in the first quarter of 2024 and 3.0% (SAAR) during the second quarter. This increase can be attributed to growth in consumer spending and private inventory investment partially offset by a decline in residential fixed investment. The Washington State Economic and Revenue Forecast Council's (ERFC) forecast for Real GDP growth is 2.3% for 2024, 1.8% in 2025, 2.0% in 2026 and 2027.

U.S. employment is on an upward trend. A total of 206,000 non-farm jobs were added in June and 142,000 net jobs were added in August. Health care industry added 31,000 in August after adding 82,400 in June. Other sectors that increased employment in August include leisure and hospitality at 46,000 jobs followed by construction at 34,000 (+27,000 in June), and government at 24,000 (+70,000 in June). The unemployment rate was recorded at 4.1% in June and 4.2% in August. The expected unemployment rate for 2024 to 3.9% is expected to steadily increase to 4.4% in 2027. Labor participation rate was recorded at 62.6% in June, a 2.5% increase from four years ago during the pandemic.

Washington state's economic growth remain strong. During the first half of the year, nonfarm employment increased by 42,800 (seasonally adjusted). Government jobs increased by 11,000 while construction increased by 5,700. Manufacturing added 3,300 jobs, of which 2,100 came from Aerospace product and equipment industry. Unemployment rates increased to 4.9% in April but dipped to 4.8% in August.

Washington state housing construction increased in the first quarter of 2024 but declined in the second quarter. The total number of housing units authorized by building permits during the first quarter was 38,000 units (SAAR) down to 33,300 during the second quarter. Home prices in the Seattle area increased 0.9% in June and up 6.6% throughout the year.

Consumer price inflation in the Seattle has been diminishing but still higher than the national average. The Seattle CPI rate of 3.1% recorded between August 2024 to August 2024 surpassed the 2.5% increase in the U.S. City Average index. Seattle area energy prices declined 6.2% year-over-year. Core prices rose 3.9% compared to 3.2% in U.S. City Average index. Seattle’s shelter cost was at 6.2% while national average was recorded at 5.2%. Excluding shelter costs, Seattle’s inflation was on par with the national average increasing to 1.1% over the year.

Sources:
https://erfc.wa.gov/publications-June Quarterly and September Monthly
https://www.bea.gov/news/2024/

TABLE C-1: SUMMARY FORECAST

SUMMARY FORECAST (Annual Percent Change)	2022	2023	2024	2025	2026
Washington State Economic Forecast					
Non Farm Payroll Employment	4.7	1.9	1.3	0.9	1.0
Unemployment Rate	4.1	4.1	4.9	4.9	4.9
Real Personal Income	(4.6)	2.1	2.6	3.0	3.9
Consumer Price Index	8.9	5.8	4.0	2.6	2.5
Housing Permits	(13.9)	(24.3)	-0.3	7.9	5.2
Total Population (in 000's)	7,864.4	7,951.2	8,031.7	8,100.0	8,171.1
% Change	1.3	1.1	1.0	0.9	0.9

Source: Washington State Economic and Revenue Forecast Council, June report

TABLE C-2: STATE EMPLOYMENT BY INDUSTRY

Washington State 2023 Average Employment Classified by Industry

Industry description	Average Firms	Average Annual Employment	Average Annual Wage
Agriculture, forestry, fishing, and hunting	5,957	95,675	$ 40,737
Mining	142	2,101	$ 86,950
Utilities	238	5,933	$ 128,822
Construction	28,079	218,726	$ 80,758
Manufacturing	7,822	270,979	$ 93,294
Wholesale trade	12,130	137,386	$ 103,559
Retail trade	14,157	332,139	$ 46,755
Transportation & warehousing	5,100	136,978	$ 75,966
Information	7,455	151,734	$ 251,234
Finance and insurance	7,162	96,380	$ 126,494
Real estate, rental and leasing	7,049	57,770	$ 75,961
Professional, scientific, and technical services	38,286	255,299	$ 143,303
Management of companies and enterprises	673	101,885	$ 212,551
Administrative and waste management services	14,005	180,657	$ 69,780
Educational services	4,087	49,174	$ 48,600
Health care and social assistance	19,202	455,748	$ 66,280
Arts, entertainment, and recreation	3,175	53,821	$ 44,087
Accommodation and food services	15,146	283,296	$ 32,468
Other services (except public administration)	20,295	102,960	$ 54,921
Government	2,127	571,013	$ 81,771
Total *	**212,295**	**3,559,654**	**$ 87,091**

* 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

Top 10 Companies with HQ in Washington State
(ranked by Revenues)

Company	No. of Employees	Revenues	Website
Amazon.com	1,521,000	$604.3B	www.amazon.com
Costco Wholesale	316,000	$254.5B	www.costco.com
Microsoft	221,000	$245.1B	www.microsoft.com
T-Mobile	67,000	$79.1B	www.t-mobile.com
Starbucks	381,000	$36.5B	www.starbucks.com
Paccar	32,400	$35.3B	www.paccar.com
Coupang	78,000	$27.2B	www.coupang.com
Nordstrom	54,000	$15.0B	www.nordstrom.com
Expedia Group	17,100	$13.3B	www.expedia.com
Alaska Air Group Inc	23,178	$10.5B	www.alaskaair.com

Source: https://www.financecharts.com/screener/biggest-state-wa /

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.

APPENDIX D: BOND AMORTIZATION SCHEDULES

TABLE D-1: BOND AMORTIZATION SCHEDULE FOR 2025

Bond Type / Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2025	2025 Principal Payments Due Date	2025 Principal Payments Amount	Outstanding Dec. 31, 2025	Interest Payments [1] Due Date	Interest Payments [1] Amount
GENERAL OBLIGATION BONDS								
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 2017	$127,345,000	03/07/17	105,925,000	01/01/25	3,720,000	102,205,000	01/01, 07/01	5,203,250
Limited Tax G.O., Series 2022A	$15,115,000 [4]	01/26/22	10,280,000	12/01/25	1,860,000	8,420,000	06/01, 12/01	514,000
Limited Tax G.O., Series 2022B	$94,345,000 [5]	01/26/22	71,820,000	12/01/25	8,695,000	63,125,000	06/01, 12/01	1,649,389
Limited Tax G.O., Series 2024A	$94,695,000 [6]	06/20/24	94,695,000	06/01/25	6,910,000	87,785,000	06/01, 12/01	4,497,300
Limited Tax G.O., Series 2024B	$65,745,000	06/20/24	65,745,000	06/01/25	-	65,745,000	06/01, 12/01	3,287,250
Limited Tax G.O., Series 2024C	$95,775,000	06/20/24	95,775,000	06/01/25	3,480,000	92,295,000	06/01, 12/01	4,469,038
TOTAL GENERAL OBLIGATION BONDS			445,465,000		25,890,000	419,575,000		19,654,159
REVENUE BONDS								
First Lien Bonds								
Series 2009B-2	$22,000,326 [7]	07/16/09	67,659,694		4,602,735	63,056,959 [7]		9,897,265
Series 2016B - Ref. 2007B	$124,380,000 [8]	08/02/16	84,505,000	10/01/25	8,845,000	75,660,000	04/01, 10/01	4,225,250
Series 2016C - Ref. Taxable	$6,180,000 [8]	08/02/16	3,830,000	10/01/25	435,000	3,395,000	04/01, 10/01	113,064
Series 2021 Refunding	$43,015,000 [9]	06/30/21	18,625,000	09/01/25	9,085,000	9,540,000	03/01, 09/01	931,250
Total First Lien Bonds			174,619,694		22,967,735	151,651,959		15,166,829
Intermediate Lien Bonds								
Series 2015C New Money	$226,275,000	08/06/15	174,570,000	04/01/25	8,840,000	165,730,000	04/01, 10/01	8,507,500
Series 2016 Refunding	$99,095,000 [10]	08/02/16	99,095,000	02/01/25	14,540,000	84,555,000	02/01,08/01	4,571,825
Series 2017A Revenue Refunding	$16,705,000 [11]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	$264,925,000 [11]	08/22/17	165,875,000	05/01/25	3,945,000	161,930,000	05/01, 11/01	5,962,582
Series 2017C New Money	$313,305,000	08/22/17	271,190,000	05/01/25	9,515,000	261,675,000	05/01, 11/01	13,446,625
Series 2017D New Money	$93,230,000	08/22/17	34,880,000	05/01/25	11,050,000	23,830,000	05/01, 11/01	1,467,750
Series 2018A New Money	$470,495,000	06/21/18	418,545,000	05/01/25	13,570,000	404,975,000	05/01, 11/01	20,100,500
Series 2018B New Money	$85,145,000	06/21/18	41,940,000	05/01/25	9,715,000	32,225,000	05/01, 11/01	1,854,125
Series 2019 New Money	$457,390,000	08/07/19	418,745,000	04/01/25	12,525,000	406,220,000	04/01, 10/01	20,224,125
Series 2021A New Money	$12,610,000	06/30/21	11,055,000	12/01/25	1,625,000	9,430,000	06/01, 12/01	552,750
Series 2021B Revenue Refunding	$148,765,000 [12]	06/30/21	133,435,000	12/01/25	5,645,000	127,790,000	06/01, 12/01	6,002,925
Series 2021C New Money	$470,065,000	06/30/21	455,050,000	08/01/25	12,035,000	443,015,000	02/01, 08/01	21,851,900
Series 2021D New Money	$41,395,000	06/30/21	36,460,000	08/01/25	4,970,000	31,490,000	02/01, 08/01	632,682
Series 2022A Revenue Refunding	$206,200,000 [13]	08/11/22	206,200,000	08/01/25	16,045,000	190,155,000	02/01, 08/01	10,310,000
Series 2022B New Money	$551,615,000	08/11/22	551,615,000	08/01/25	14,120,000	537,495,000	02/01, 08/01	27,292,525
Series 2022C New Money	$39,275,000	08/11/22	39,275,000	08/01/25	4,300,000	34,975,000	02/01, 08/01	1,505,497
Series 2024A Revenue Refunding	$168,975,000 [14]	08/01/24	168,975,000	03/01/25	10,020,000	158,955,000	03/01, 09/01	8,573,750
Series 2024B New Money	$566,930,000	08/01/24	566,930,000	06/01/25		566,930,000	01/01, 07/01	25,649,215
Series 2024B Revenue Refunding	$82,010,000 [15]	08/01/24	82,010,000	06/01/25	16,085,000	65,925,000	01/01, 07/01	3,599,328
Total Intermediate Lien Bonds			3,892,550,000		168,545,000	3,724,005,000		182,940,854
Subordinate Lien Bonds								
Series 2008	$200,715,000 [16]	06/11/08	123,533,000	2025	13,200,000 [2]	110,333,000	Various [2]	4,323,725 [2]
Total Subordinate Lien Bonds			123,533,000		13,200,000	110,333,000		4,323,725
TOTAL REVENUE BONDS			4,190,702,694		204,712,735	3,985,989,959		202,431,408

SPECIAL FACILITY REVENUE BONDS

Fuel Facilities Series 2013 ref	$88,660,000 [17]	06/13/13	47,725,000	06/01/25	4,865,000	42,860,000	06/01, 12/01	2,028,711
TOTAL SPECIAL FACILITY REVENUE BONDS			47,725,000		4,865,000	42,860,000		2,028,711

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 2022A G.O. refunded a portion of the Port's B-1 Commerical Paper.

[5] - 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.

[6] - Series 2024A G.O. fully refunded the outstanding Series 2015 G.O. Ref. Bonds. The 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds.

[7] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at $22,000,326 par. The estimated outstanding principal balance at 12/31/2025 includes $41,056,633 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 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.

[11] - 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.

[12] - 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.

[13] - 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.

[14] - Series 2024A Intermediate Lien bonds refunded the outstanding Series 2015A New Money and Series 2015B Intermediate Lien bonds. The 2015B bonds refunded the outstanding Series 2005A Intermediate Lien bonds.

[15] - Series 2024B Revenue Refunding Intermediate Lien bonds refunded the outstanding Series 2013 Revenue Refunding Intermediate Lien bonds. The 2013 bonds refunded the outstanding 2003B First Lien bonds.

[16] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.

[17] - 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 10/31/2024 the Port had no CP outstanding.

TABLE D-2: BOND AMORTIZATION SCHEDULE FOR 2024

Bond Type / Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2024	2024 Principal Payments Due Date	2024 Principal Payments Amount	Outstanding Dec. 31, 2024	Interest Payments [1] Due Date	Interest Payments [1] Amount
GENERAL OBLIGATION BONDS								
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	111,030,000	-	06/01, 12/01	2,419,075
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
Limited Tax G.O., Series 2024A	$94,695,000 [4]	06/20/24	-		-	94,695,000	06/01, 12/01	1,842,075
Limited Tax G.O., Series 2024B	$65,745,000	06/20/24	-		-	65,745,000	06/01, 12/01	1,296,637
Limited Tax G.O., Series 2024C	$95,775,000	06/20/24	-		-	95,775,000	06/01, 12/01	1,798,476
TOTAL GENERAL OBLIGATION BONDS			315,360,000		126,110,000	445,465,000		15,149,147
REVENUE BONDS								
First Lien Bonds								
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
Total First Lien Bonds			187,382,653		17,505,000	174,619,694		6,133,764
Intermediate Lien Bonds								
Series 2013 Revenue Refunding	$139,105,000 [10]	12/17/13	99,785,000	07/01/24	99,785,000	-	01/01, 07/01	2,482,125
Series 2015A New Money	$72,010,000 [11]	08/06/15	60,055,000	04/01/24	60,055,000	-	04/01, 10/01	1,492,200
Series 2015B Refunding	$284,440,000 [11]	08/06/15	138,155,000	03/01/24	138,155,000	-	03/01, 09/01	3,453,875
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
Series 2024A Revenue Refunding	$168,975,000 [11]	08/01/24	-		-	168,975,000	03/01, 09/01	-
Series 2024B New Money	$566,930,000	08/01/24	-		-	566,930,000	01/01, 07/01	-
Series 2024B Revenue Refunding	$82,010,000 [10]	08/01/24	-		-	82,010,000	01/01, 07/01	-
Total Intermediate Lien Bonds			3,524,425,000		449,790,000	3,892,550,000		159,535,020
Subordinate Lien Bonds								
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]
Total Subordinate Lien Bonds			136,395,000		12,862,000	123,533,000		5,523,998
TOTAL REVENUE BONDS			3,848,202,653		480,157,000	4,190,702,694		171,192,782

SPECIAL FACILITY REVENUE BONDS

Fuel Facilities Series 2013 ref	$88,660,000 [20]	06/13/13	52,400,000	06/01/24	4,675,000	47,725,000	06/01, 12/01	2,229,508
TOTAL SPECIAL FACILITY REVENUE BONDS			52,400,000		4,675,000	47,725,000		2,229,508

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 2024A G.O. fully refunded the outstanding Series 2015 G.O. Ref. Bonds. The 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. 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 estimated outstanding principal balance at 12/31/2024 includes $45,659,368 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 2024B Revenue Refunding Intermediate Lien bonds refunded the outstanding Series 2013 Revenue Refunding Intermediate Lien bonds. The 2013 bonds refunded the outstanding 2003B First Lien bonds.

[11] - Series 2024A Intermediate Lien bonds refunded the outstanding Series 2015A New Money and Series 2015B Intermediate Lien bonds. The 2015B bonds refunded the outstanding Series 2005A Intermediate 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 10/31/2024 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
GO Bonds											
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
Rev Int Lien											
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
Rev Sr. Lien											
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
Rev Sub Lien											
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
Special Facility Rev Bonds-FH											
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
Interest Total	193,169	192,961	183,132	169,337	159,509	627,198	349,353	156,998	27,698	0	2,059,355
Principal Total	221,860	220,223	223,720	227,737	224,147	1,183,923	844,295	762,860	266,280	0	4,175,045
Grand Total	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, 2024 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

	Moody's	S&P	Fitch
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

DIVISION	2023 Actuals	2024 Budget	2025 Proposed Budget
Aviation	$ 98,803	$ 138,225	$ 160,475
Maritime	48,790	109,590	103,300
Economic Development	74,528	96,900	104,900
Central Services	82,792	169,475	165,125
Total	**$ 304,913**	**$ 514,189**	**$ 533,800**
			Promo.xlsx

b. Memberships

The 2025 Budget for the Port of Seattle is $1,400,862. The Executive Director may approve additional memberships and increases in dues which could not be foreseen during 2025 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

	Memberships	2025 Budget
1	Airport Council International	$ 210,200
2	Washington Public Ports Association - AV	144,000
3	Washington Public Ports Association - Maritime	144,000
4	Puget Sound Regional Council & Economic Development	85,200
5	American Association of Airport Executives	79,025
6	Greater Seattle Metropolitan Chamber	52,300
7	American Association of Port Authorities	49,260
8	American Association of Airport Executives	38,450
9	Aviation Information Sharing and Analysis Center	30,388
10	Airports Council International	28,967
11	Cruise Line International Association	25,000
12	Airport Minority Advisory Council	16,875
13	Washington Health Alliance	15,500
14	Gartner IT Leadership Team Essentials	12,000
15	International Facility Management Association	11,980
16	Clean Cities Coalition	10,000
17	Global Biorisk Advisory Council	10,000
18	International Air Transport Association	10,000
19	Washington Council on International Trade	10,000
20	Washington Economic Development Association	10,000
21	Other	407,717
	Total	**$ 1,400,862**

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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Will be updated in the Final version.

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 (MII): 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.

Variances: 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

AAPA	American Association of Port Authorities
AAAE	American Association of Airport Executives
AAG	Alaska Airlines Group
ACI	Airports Council International
ACI-NA	Airports Council International-North America
AEC	Airport Employment Center
AICPA	American Institute of Certified Public Accountants
AIR 21	Aviation Investment & Reform Act for the 21st Century
AOA	Air Operations Area
APM	Automated People Mover
ARFF	Aviation Regional Fire Fighting
ARPA	American Rescue Plan Act
ATC	Air Traffic Control
B&OT	Business and Occupation Tax
BHICC	Bell Harbor International Conference Center
BHM	Bell Harbor Marina
BHS	Baggage Handling System
BLS	Bureau of Labor Statistics
BMPs	Best Management Practices
CBP	Customs and Border Protection
CDD	Capital Development Division
CERT	Community Emergency Response Team
CFCs	Customer Facility Charges
CFO	Chief Financial Officer
CIP	Capital Improvement Program
CJIS	Criminal Justice Information Services
CMMS	Computerized Maintenance Management System
COO	Chief Operating Officer
CPE	Cost Per Enplanement
CPI	Consumer Price Index / Continuous Process Improvement
CPO	Central Procurement Office, a Port department
CTE	Central Terminal Expansion
CY	Calendar Year / Container Yard
DBE	Disadvantaged Business Enterprises
DHS	Department of Homeland Security
DNR	Department of Natural Resources
DOT	Department of Transportation
ED	Executive Director
EDD	Economic Development Division
EDI	Equity, Diversity, and Inclusion, a Port Department
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESA	Endangered Species Act
ESGR	Employer Support of the Guard Reserve
FAA	Federal Aviation Administration
FAR	Federal Aviation Regulations
FASB	Financial Accounting Standard Board
FAST	Freight Action Strategy Corridor

F&B	Finance and Budget, a Port Department
FEMA	Federal Emergency Management Agency
FIMS	Flight Information Management System
FIS	Federal Inspection Services (US Customs)
FMC	Federal Maritime Commission
FOD	Foreign Object Damage/Debris
FTE	Full-time Equivalent (Employee)
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GBAC	Global Biorisk Advisory Council Accreditation
GFOA	Government Finance Officers Association (of USA and Canada)
GIS	Geographical Information System
GO	General Obligation (Bond)
GT	Ground Transportation
HCM	Human Capital Management
HDF	Harbor Development Fund
HDS	Harbor Development Strategy
HIPAA	Health Insurance Portability and Accountability Act
HMT	Harbor Maintenance Tax
HR	Human Resources, a Port department
HVAC	Heating, Ventilation and Air Conditioning
IAF	International Arrivals Facility
IATA	International Air Transport Association
ICT	Information and Communications Technology, a Port Department
IDC	Industrial Development Corporation
IDIQ	Indefinite Delivery Indefinite Quantity
ILA	Interlocal Agreement
IMC	Intermodal Center
JV	Joint Venture
KPIs	Key Performance Indicators
LEAN	Lean Education Academic Network
LEOFF	Law Enforcement Officers' and Fire Fighters' Retirement System
LOI	Letter of Intent
LOC	Letter of Credit
LR	Labor Relations, a Port Department
LRP	Long Range Plan
LTGO	Limited Tax General Obligation
MAP	Million Annual Passengers
WMBE	Women & Minority Owned Business Enterprise
MD	Managing Director
MIC	Maritime Industrial Center
MIS	Management Information System
MOBI	Marina Operation Boating Inventory System
MOU	Memorandum of Understanding
NAMF	North Area Maintenance Facility
NAC	Neighborhood Advisory Committee
NEPA	National Environmental Policy Act
NMA	National Management Association
NOAA	National Oceanic and Atmospheric Administration
NOI	Net Operating Income

NRD	Natural Resource Damage
NRDA	Natural Resource Damage Assessment
NREL	National Renewable Energy Laboratory
NSAT	North Satellite Terminal
NTSB	National Transportation Safety Board
NWMTA	Northwest Marine Terminal Association
NWSA	Northwest Seaport Alliance
OEDI	Office of Equity, Diversity, and Inclusion, a Port Department
O&D	Origin and Destination
O&M	Operating and Maintenance Expense
OPEB	Other Post-Employment Benefits
ORG	Organization
PCS	Port Construction Services, a Port department
PCI	Payment Card Industry
PDA	Port Development Authority
PERS	Public Employees' Retirement System
PFCs	Passenger Facility Charges
PLA	Project Labor Agreement
PLBs	Passenger Loading Bridges
PM	Project Manager
PMA	Pacific Maritime Association
PMG	Project Management Group, a Port department
PNWA	Pacific Northwest Waterways Association
POS	Port of Seattle
PPE	Personal Protective Equipment
PPM	Post Panamax
PREP	Performance Review, Evaluation & Planning
PSA	Professional Service Agreement
PSCAA	Puget Sound Clean Air Agency
PSRC	Puget Sound Regional Council
RCF	Rental Car Facility
RCW	Revised Code of Washington
RFP	Request for Proposal
RMM	Regulated Materials Management
SAAR	Seasonally Adjusted Annualized Rate
SAF	Sustainable Aviation Fuels
SBM	Shilshole Bay Marina
SDS	Stormwater Drainage System
SEA	Seattle-Tacoma International Airport (Airport Code)
SEPA	State Environmental Policy Act
SKC	South King County
SLOA	Signatory Airline Lease and Operating Agreements
SSA	Stevedoring Services of America
STEP	South Terminal Expansion Project
STS	Satellite Transit System
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SWT	State of Washington Tourism
SWU	Storm Water Utility
USCG	United States Coast Guard
USDA	United States Department of Agriculture
TEU	Twenty-foot Equivalent Unit (shipping container)

TSA	Transportation Security Administration
TWIC	Transportation Worker Identification Credential
UBC	Uniform Building Code
WASPC	Washington Association of Sheriffs and Police Chiefs
WMBE	Women and Minority Business Enterprises
WSCC	Washington State Convention Center
WSDOE	Washington State Department of Ecology
WSDOT	Washington State Department of Transportation
WTC	World Trade Center
WPPA	Washington Public Ports Association



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