

# 2025 BUDGET







## 2025 Budget

Prepared by the  
Finance and Budget  
Departments

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For the Fiscal Year Beginning

**January 01, 2024**

*Christopher P. Morill*

**Executive Director**





## **TABLE OF CONTENTS**

|             |   |        |
|-------------|---|--------|
| <b>I.</b>   | <b><u>Executive Summary</u></b>                         | I-1    |
| <b>II.</b>  | <b><u>Port View</u></b>                                 |        |
|             | A. The Port of Seattle                                  | II-1   |
|             | B. History of the Port of Seattle                       | II-1   |
|             | C. Port of Seattle Facilities and Services              | II-2   |
|             | D. Century Agenda Goals                                 | II-4   |
|             | E. Commissioners and Officers                           | II-7   |
|             | F. Organization Chart                                   | II-8   |
| <b>III.</b> | <b><u>Budget Overview</u></b>                           |        |
|             | A. Financial Overview                                   | III-1  |
|             | B. Operating Budget Overview                            | III-1  |
|             | C. Budget Overview - Staffing                           | III-5  |
|             | D. Capital Budget Overview                              | III-7  |
|             | E. Tax Levy   | III-8  |
|             | F. Equity In Budgeting                                  | III-9  |
|             | G. Century Agenda Goals                                 | III-11 |
| <b>IV.</b>  | <b><u>Aviation Division</u></b>                         |        |
|             | A. 2025 Budget Summary                                  | IV-1   |
|             | B. Financial Forecast                                   | IV-3   |
|             | C. Aviation Division Description/Business Assessment    | IV-4   |
|             | D. Operating Budget Summary                             | IV-6   |
|             | E. Staffing   | IV-22  |
|             | F. Aviation Capital Budget                              | IV-25  |
|             | G. Aviation Division Operating Statistics               | IV-31  |
| <b>V.</b>   | <b><u>Maritime Division</u></b>                         |        |
|             | A. 2025 Budget Summary                                  | V-1    |
|             | B. Financial Forecast                                   | V-3    |
|             | C. Maritime Division Description/Business Assessment    | V-3    |
|             | D. Operating Budget Summary                             | V-12   |
|             | E. Staffing   | V-17   |
|             | F. Maritime Capital Budget                              | V-18   |
|             | G. Maritime Division Operating Statistics               | V-19   |
| <b>VI.</b>  | <b><u>Economic Development Division</u></b>             |        |
|             | A. 2025 Budget Summary                                  | VI-1   |
|             | B. Financial Forecast                                   | VI-3   |
|             | C. Economic Development Description/Business Assessment | VI-3   |
|             | D. Operating Budget Summary                             | VI-15  |
|             | E. Staffing   | VI-18  |

**VII. Central Services**

|                                       |        |
|---------------------------------------|--------|
| A. 2025 Budget Summary                | VII-1  |
| B. Central Services Description       | VII-1  |
| C. Key Functions and Responsibilities | VII-2  |
| D. Operating Budget Summary           | VII-17 |
| E. Staffing                           | VII-21 |
| F. Capital Budget                     | VII-23 |
| G. Financial and FTE Summary          | VII-23 |

**VIII. Tax Levy**

|                                   |         |
|-----------------------------------|---------|
| A. Tax at a Glance                | VIII-1  |
| B. Tax Levy Sources               | VIII-1  |
| C. Tax Levy Uses                  | VIII-3  |
| D. General Obligation Capacity    | VIII-9  |
| E. Taxpayer Effect                | VIII-10 |
| F. County Property Tax Comparison | VIII-10 |

**IX. Capital Improvement Plan**

|   |      |
|---|------|
| A. Aviation Division Capital Improvement Plan | IX-2 |
| B. Maritime Division Capital Improvement Plan | IX-4 |
| C. Central Services Capital Improvement Plan  | IX-6 |
| D. Other Port of Seattle CIP                  | IX-6 |
| E. Non-Recurring CIP Impact                   | IX-9 |

**X. Draft Plan of Finance**

|  |      |
|--|------|
| A. Introduction                          | X-1  |
| B. Overview of the Draft Plan of Finance | X-2  |
| C. Overview of the Funded CIP            | X-3  |
| D. 2025-2029 Funding Plan                | X-4  |
| E. Financing Initiatives                 | X-10 |
| F. Capital Planning Resources            | X-10 |

**XI. Statutory Budget**

|                                 |      |
|---------------------------------|------|
| A. Introduction                 | XI-1 |
| B. Statutory Budget Highlights  | XI-1 |
| C. Resolutions                  | XI-2 |
| D. Tax Levy Calculation Sheet   | XI-6 |
| E. Forecasted Cash Flow Summary | XI-7 |

**XII. The Northwest Seaport Alliance (NWSA)**

|   |        |
|---|--------|
| A. Memo from John Wolfe, CEO                  | XII-7  |
| B. Budget Document Overview                   | XII-8  |
| C. I. The Northwest Seaport Alliance Overview | XII-9  |
| D. II. Budget Message                         | XII-17 |
| E. III. Business Outlook                      | XII-23 |
| F. IV. Operating Budget                       | XII-27 |
| G. V. Capital Investment Plan                 | XII-35 |
| H. VI. Environmental Stewardship & Planning   | XII-39 |
| I. Appendix A: NWSA Full Time Personnel       | XII-45 |



|                                 |        |
|---------------------------------|--------|
| J. Appendix B: NWSA Memberships | XII-46 |
|---------------------------------|--------|

**XIII. Appendices**

|   |         |
|---|---------|
| A. Budget Policy, Process and Calendar                | XIII-1  |
| 1. Operating Budget                                   | XIII-1  |
| 2. Capital Budget                                     | XIII-7  |
| B. Financial Management Policies                      | XIII-10 |
| 1. Key Financial Tools                                | XIII-10 |
| 2. Financial Policies and Description of Major Funds  | XIII-12 |
| 3. Revenue and Expense Assumptions                    | XIII-19 |
| C. Business Assessment                                | XIII-20 |
| 1. National and Local Economy and Outlook             | XIII-20 |
| 2. Economic Impact Study Summary                      | XIII-22 |
| D. Bond Amortization Schedules                        | XIII-24 |
| E. Other Detailed Expenditures                        | XIII-29 |
| F. Changes Between Preliminary Budget to Final Budget | XIII-31 |
| G. Glossary of Terms Used                             | XIII-32 |
| H. Acronyms and Abbreviations                         | XIII-40 |

## LIST OF TABLES

|             |   |       |
|-------------|---|-------|
| Table I-1   | 2025 Budget Summary   | I-8   |
| Table I-2   | Cash Flow Summary   | I-9   |
| Table III-1 | Port of Seattle Financial Forecast  | III-1 |
| Table III-2 | Revenues, Expenses, and Net Assets  | III-2 |
| Table III-3 | Revenues by Major Businesses  | III-3 |
| Table III-4 | Expenses by Major Accounts  | III-4 |
| Table III-5 | Port Staffing by Division   | III-6 |
| Table III-6 | Capital Budget  | III-7 |
| Table IV-1  | Aviation Cash Flow Summary  | IV-1  |
| Table IV-2  | Aviation Financial Forecast   | IV-3  |
| Table IV-3  | Aviation Key Measures   | IV-3  |
| Table IV-4  | Aviation Passenger Forecast   | IV-5  |
| Table IV-5  | Aviation Budget Summary – Incremental Changes Compared to 2024 Budget     | IV-8  |
| Table IV-6  | Aviation Payroll Cost Increases   | IV-8  |
| Table IV-7  | Aviation Non-Payroll Cost Increases                                       | IV-9  |
| Table IV-8  | Aviation Increased Charges to Capital Projects                            | IV-9  |
| Table IV-9  | Aviation Approved Key Additions   | IV-10 |
| Table IV-10 | Aviation Approved Budget Additions  | IV-11 |
| Table IV-11 | Aeronautical Business   | IV-14 |
| Table IV-12 | Aeronautical Cost Drivers – Rate Base Only                                | IV-15 |
| Table IV-13 | Non-Aeronautical Business   | IV-16 |
| Table IV-14 | Non-Aeronautical Key Indicators   | IV-17 |
| Table IV-15 | Aviation Revenue by Account   | IV-18 |
| Table IV-16 | Aviation Operating & Maintenance Expenses by Account                      | IV-19 |
| Table IV-17 | Aviation Revenue by Business Group/Department                             | IV-20 |
| Table IV-18 | Aviation Expense by Business Group/Department                             | IV-21 |
| Table IV-19 | Aviation Staffing   | IV-22 |
| Table IV-20 | Aviation Full-Time Equivalent Staff Positions (FTEs) – Summary of Changes | IV-23 |
| Table IV-21 | Aviation New Staffing   | IV-24 |
| Table IV-22 | Aviation Proposed CIP   | IV-26 |
| Table IV-23 | Aviation Capital Projects   | IV-27 |
| Table IV-24 | Aviation Approved New Projects  | IV-28 |
| Table IV-25 | 2025-2029 Capital Spending Forecast by Category                           | IV-29 |
| Table IV-26 | Aviation Capital Budget Summary   | IV-30 |
| Table IV-27 | Aviation Division Operating Statistics                                    | IV-31 |
| Table V-1   | Maritime Cash Flow Summary  | V-1   |
| Table V-2   | Maritime Financial Forecast   | V-3   |
| Table V-3   | Major Revenue Changes   | V-13  |
| Table V-4   | Maritime Revenue by Account   | V-14  |

|              |   |         |
|--------------|---|---------|
| Table V-5    | Maritime Operating & Maintenance Expenses by Account                  | V-15    |
| Table V-6    | Maritime Revenue and Expense by Business Group/Department             | V-16    |
| Table V-7    | Maritime Staffing   | V-17    |
| Table V-8    | Maritime Capital Budget Summary                                       | V-18    |
| Table V-9    | Maritime Operating Statistics   | V-19    |
| Table VI-1   | Economic Development Cash Flow Summary                                | VI-1    |
| Table VI-2   | Economic Development Financial Forecast                               | VI-3    |
| Table VI-3   | Economic Development Expenses By Account                              | VI-16   |
| Table VI-4   | Economic Development Revenue and Expense by Department                | VI-17   |
| Table VI-5   | Economic Development Staffing   | VI-18   |
| Table VII-1  | Central Services Budget Summary                                       | VII-1   |
| Table VII-2  | 2025 Approved New Budget Additions (All Items)                        | VII-18  |
| Table VII-3  | Central Services Revenues and Expenses by Account                     | VII-19  |
| Table VII-4  | Central Services Expense by Department                                | VII-20  |
| Table VII-5  | Central Services Staffing   | VII-21  |
| Table VII-6  | Central Services Capital Budget                                       | VII-23  |
| Table VII-7  | Financial and FTE Summary   | VII-23  |
| Table VIII-1 | Sources and Uses of Tax Levy  | VIII-5  |
| Table VIII-2 | Existing G.O. Bond Debt Service by Project Type                       | VIII-6  |
| Table VIII-3 | Uses of Environmental Legacy Fund                                     | VIII-7  |
| Table VIII-4 | Uses of Transportation and Infrastructure Fund                        | VIII-8  |
| Table VIII-5 | Estimated General Obligation Debt Limit                               | VIII-9  |
| Table IX-1   | Capital Improvement Plan  | IX-2    |
| Table IX-2   | Aviation Division Capital Improvement Plan                            | IX-2    |
| Table IX-3   | Maritime Division Capital Improvement Plan                            | IX-4    |
| Table IX-4   | Central Services Capital Improvement Plan                             | IX-6    |
| Table IX-5   | NWSA Capital Improvement Plan   | IX-7    |
| Table IX-6   | Public Expense Projects   | IX-8    |
| Table IX-7   | Non-Recurring Capital Improvement Plan Impact on the Operating Budget | IX-9    |
| Table X-1    | 2025-2029 Airport CIP (\$ Millions)                                   | X-5     |
| Table X-2    | 2025-2029 Airport CIP Funding (\$ Millions)                           | X-6     |
| Table X-3    | 2025-2029 Seaport CIP Funding (\$ Millions)                           | X-9     |
| Table XI-1   | Tax Levy Budget Detail  | XI-1    |
| Table XI-2   | Tax Levy Calculation Sheet  | XI-6    |
| Table XI-3   | Forecasted Cash Flow Summary  | XI-7    |
| Table XII-1  | 2025 Operating Budget Summary   | XII-1   |
| Table B-1    | Fund Balances   | XIII-15 |
| Table B-2    | Fund Descriptions   | XIII-15 |
| Table C-1    | Summary Forecast  | XIII-21 |
| Table C-2    | State Employment by Industry  | XIII-21 |
| Table C-3    | Top 10 Public Companies in Washington                                 | XIII-22 |



|           |                                      |         |
|-----------|--------------------------------------|---------|
| Table D-1 | Bond Amortization Schedules for 2025 | XIII-24 |
| Table D-2 | Bond Amortization Schedules for 2024 | XIII-26 |
| Table D-3 | 30 Year Bond Amortization Schedule   | XIII-28 |
| Table D-4 | Bond Ratings Summary                 | XIII-29 |
| Table E-1 | Promotional Hosting by Division      | XIII-29 |
| Table E-2 | Memberships                          | XIII-30 |

## LIST OF FIGURES

|               |   |         |
|---------------|---|---------|
| Figure I-1    | Sources of Cash   | I-10    |
| Figure I-2    | Uses of Cash  | I-10    |
| Figure II-1   | Facility Map  | II-3    |
| Figure II-2   | Century Agenda (CA) and Annual Business Plans/Budgeting Process | II-6    |
| Figure II-3   | Organization Chart  | II-8    |
| Figure III-1  | Revenues by Major Businesses                                    | III-3   |
| Figure III-2  | Expenses by Major Accounts                                      | III-4   |
| Figure III-3  | Port Staffing by Division                                       | III-6   |
| Figure III-4  | Committed Capital Budget  | III-7   |
| Figure III-5  | Tax Levy vs. Millage Rate 2009-2025                             | III-8   |
| Figure III-6  | Equity Spending 2019-2025                                       | III-10  |
| Figure III-7  | Century Agenda Key Performance Indicators                       | III-11  |
| Figure IV-1   | Aviation Sources of Cash  | IV-2    |
| Figure IV-2   | Aviation Uses of Cash   | IV-2    |
| Figure IV-3   | Airport Passengers Forecast                                     | IV-5    |
| Figure IV-4   | Aviation Revenue by Account                                     | IV-18   |
| Figure IV-5   | Aviation Expense by Account                                     | IV-19   |
| Figure IV-6   | Aviation FTEs   | IV-25   |
| Figure IV-7   | 2025-2029 Capital Spending Forecast by Category                 | IV-29   |
| Figure IV-8   | Aviation Capital Budget   | IV-30   |
| Figure V-1    | Maritime Sources of Cash  | V-2     |
| Figure V-2    | Maritime Uses of Cash   | V-2     |
| Figure V-3    | Maritime Revenue by Account                                     | V-14    |
| Figure V-4    | Maritime Expense by Account                                     | V-15    |
| Figure V-5    | Maritime Committed Capital Budget                               | V-18    |
| Figure VI-1   | Economic Development Sources of Cash                            | VI-2    |
| Figure VI-2   | Economic Development Uses of Cash                               | VI-2    |
| Figure VI-3   | Economic Development Expense by Account                         | VI-16   |
| Figure VII-1  | Central Services Expense by Account                             | VII-19  |
| Figure VIII-1 | Actual Tax Levy vs. Maximum Allowable Levy 1991-2025            | VIII-2  |
| Figure VIII-2 | Tax Levy vs. Millage Rate 2009-2025                             | VIII-2  |
| Figure VIII-3 | 2024 Percentage of Tax Levies by Taxing District                | VIII-10 |
| Figure XI-1   | Sources of Cash   | XI-8    |
| Figure XI-2   | Uses of Cash  | XI-8    |
| Figure A-1    | Operating Budget Process Flow Chart                             | XIII-5  |
| Figure A-2    | Capital Budget Process Flow Chart                               | XIII-8  |

## 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:** December 2, 2024  
**TO:** Port of Seattle Commission  
**FROM:** Stephen P. Metruck, Executive Director  
**SUBJECT:** 2025 Budget Message

We proudly present the 2025 Port of Seattle budget and 2025-2029 capital improvement plan to you and the public.

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 \$5.6 billion across aviation and maritime facilities.

At SEA Airport, the five-year forecast of \$4.9 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 Seaport 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 \$1,119.6 million, \$96.5 million or 9.4 percent above the 2024 budget.
- Total operating expenses are budgeted at \$678.3 million, \$60.9 million or 9.9 percent above the 2024 budget.
- Net operating income before depreciation is budgeted at \$441.3 million; 35.6 million or 8.8 percent above the 2024 budget.
- The 2025 capital budget is \$1.2 billion, and the five-year capital improvement plan is \$5.6 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 percent of pre-pandemic passenger levels by the end of 2024. For 2025, we anticipate a 2.2 percent growth in total passengers, which would bring SEA passenger traffic to 3.2 percent 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 \$1,119.6 million, a \$96.5 million or 9.4 percent increase from the 2024 budget.

Operating expenses are budgeted at \$678.3 million, a \$60.8 million or 9.9 percent increase compared to the 2024 budget. Net operating income before depreciation is \$441.3 million, a \$35.6 million or 8.8 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 \$563.8 million, which is 8.3 percent higher than the 2024 budget mainly due to increased operating expenses and debt service.

On the Non-Aeronautical side, budgeted operating revenues are \$372.3 million, a \$39.6 million or 11.9 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 \$936.1 million, a 9.7 percent increase from 2024. Total operating expenses, including cost allocations from other divisions, are budgeted at \$553.2 million, a 11.6 percent increase from 2024. Net operating income before depreciation is \$382.9 million, a 7.1 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 \$103.7 million, a 3.6 percent increase from 2024. Net operating income before depreciation is expected to be \$14.4 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 \$195.9 million, a \$14.9 million or 8.3 percent increase from the 2024 budget.

### **CAPITAL BUDGET**

The Port's capital budget is \$1.2 billion for 2025 and the five-year capital improvement plan is \$5.6 billion. The plan includes investments in infrastructure renewal and those supporting growth in the Port's business gateways, creating near-term jobs and stimulating long-term economic vitality for the region.

The Airport's capital budget is \$1,037.0 million for 2025 and the five-year capital improvement plan is \$4.9 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 \$166.3 million for Maritime, Stormwater Utility, legacy projects associated with facilities licensed to the NWSA and Central Services, and the five-year capital plan is \$722.0 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.

## **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 \$1,119.6 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 \$1,119.6 million, a \$96.5 million or 9.4 percent increase from the 2024 budget.
  - The \$563.8 million of Aeronautical revenues are based on cost recovery.
  - Airport Non-Aeronautical revenues are budgeted to be \$372.3 million, a \$39.6 million or 11.9 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 \$1,172.6 million, which includes:
  - \$678.3 million of operating expenses.
  - \$267.0 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 \$60.9 million, or 9.9 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 operating expense (and additional \$4.0 million in non-operating expenditures) for environmental stewardship.
  - \$2.0 million added to enhance customer service at SEA.
  - \$5.0 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.
  - \$2.5 million for the Office of Equity, Diversity, and Inclusion.
- Net operating income before depreciation is \$441.3 million, a \$35.6 million or 8.8 percent increase from the 2024 budget.
- Net operating income after depreciation is \$174.3 million, a \$18.6 million or 12.0 percent higher than the 2024 budget.



**TABLE I-1: 2025 BUDGET SUMMARY**

| <b>COMPREHENSIVE BUDGET (\$ in 000's)</b> |                                     | <b>Notes</b> | <b>Aviation</b>  | <b>Non-Aviation</b> | <b>Total</b>     |
|---|-------------------------------------|--------------|------------------|---------------------|------------------|
| <b>Revenues</b>                           |                                     |              |                  |                     |                  |
| 1.  | Aeronautical Revenues               |              | \$ 563,836       |                     | \$ 563,836       |
| 2.  | Other Operating Revenues            | 1)           | 372,280          | 183,476             | 555,757          |
|   | <b>Total Operating Revenues</b>     |              | <b>936,117</b>   | <b>183,476</b>      | <b>1,119,593</b> |
| <b>Non-Operating Revenues</b>             |                                     |              |                  |                     |                  |
| 3.  | 3. Tax Levy                         |              | 3,019            | 85,371              | 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           |
|   | <b>Total Non-Operating Revenues</b> |              | <b>256,336</b>   | <b>120,883</b>      | <b>377,219</b>   |
|   | <b>Revenues</b>                     |              | <b>1,192,452</b> | <b>304,360</b>      | <b>1,496,812</b> |
| <b>Expenses</b>                           |                                     |              |                  |                     |                  |
| 1.  | 1. O&M Expense                      |              | 553,222          | 125,066             | 678,288          |
| 2.  | 2. Depreciation                     |              | 229,998          | 37,030              | 267,028          |
| <b>Non-Operating Expenses</b>             |                                     |              |                  |                     |                  |
| 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            |              | 538              | 6,166               | 6,705            |
|   | <b>Total Non-Operating Expenses</b> |              | <b>185,896</b>   | <b>41,434</b>       | <b>227,330</b>   |
|   | <b>Total Expenses</b>               |              | <b>969,116</b>   | <b>203,531</b>      | <b>1,172,646</b> |
|   | <b>Revenues over Expenses</b>       |              | <b>223,337</b>   | <b>100,829</b>      | <b>324,166</b>   |
|   | <b>Change in Net Assets</b>         |              | <b>223,337</b>   | <b>100,829</b>      | <b>324,166</b>   |
| <b>CAPITAL BUDGET</b>                     |                                     |              |                  |                     |                  |
|   | 2025 Capital                        | 2)           | \$ 1,036,989     | \$ 166,291          | \$ 1,203,280     |
|   | 5-Year CIP (2025-2029)              |              | 4,869,752        | 722,031             | 5,591,783        |
| <b>EMPLOYEES</b>                          |                                     |              |                  |                     |                  |
|   | Aviation                            |              | 1,381.4          |                     | 1381.4           |
|   | Maritime                            |              |                  | 321.5               | 321.5            |
|   | Economic Development                |              |                  | 18.0                | 18.0             |
|   | Central Services                    |              |                  | 976.8               | 976.8            |
|   | <b>Total</b>                        |              | <b>1381.4</b>    | <b>1316.3</b>       | <b>2697.6</b>    |

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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.

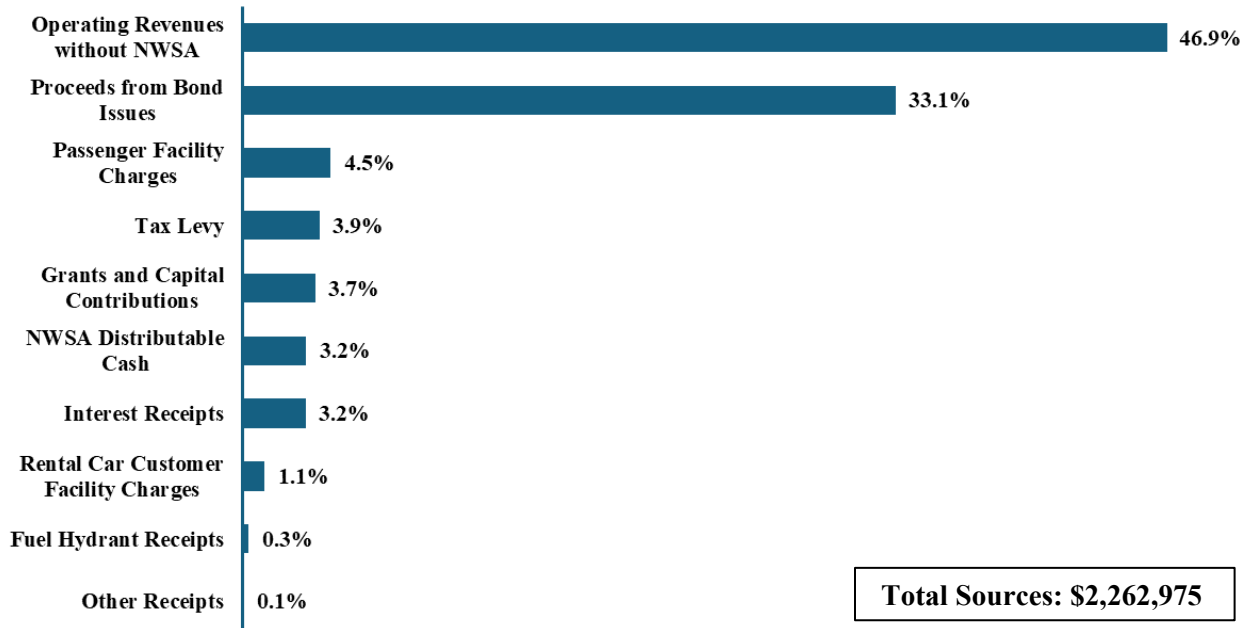
**TABLE I-2: CASH FLOW SUMMARY**

| (\$ in 000's)                                      | 2025                | Percent<br>of Total |
|--|---------------------|---------------------|
| <b>Beginning balance of cash &amp; investments</b> | <b>\$ 2,025,796</b> |                     |
| <b><u>SOURCES OF CASH</u></b>                      |                     |                     |
| Operating Revenues without NWSA                    | 1,061,260           | 46.9%               |
| NWSA Distributable Cash                            | 72,796              | 3.2%                |
| Interest Receipts                                  | 72,631              | 3.2%                |
| Proceeds from Bond Issues                          | 750,000             | 33.1%               |
| 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%                |
| <b>Total</b>                                       | <b>2,262,975</b>    | <b>100%</b>         |
| <b>Anticipated available funds</b>                 | <b>4,288,772</b>    |                     |
| <b><u>USES OF CASH</u></b>                         |                     |                     |
| <b>Expenses from Operations:</b>                   |                     |                     |
| Total Operating Expenses                           | 678,288             | 27.7%               |
| <b>Debt Service:</b>                               |                     |                     |
| Interest Payments                                  | 224,114             | 9.2%                |
| Bond Redemptions                                   | 235,468             | 9.6%                |
| Total Debt Service                                 | 459,582             | 18.8%               |
| Other Expenses                                     | 23,204              | 0.9%                |
| Public Expense                                     | 7,597               | 0.3%                |
| Payment to NWSA for Capital Expenditures           | 75,039              | 3.1%                |
| Capital Expenditures                               | 1,203,280           | 49.2%               |
| <b>Total</b>                                       | <b>2,446,990</b>    | <b>100%</b>         |
| <b>Ending balance of cash &amp; investments</b>    | <b>1,841,781</b>    |                     |
| <b>Increase (decrease) of cash during year</b>     | <b>(184,015)</b>    |                     |

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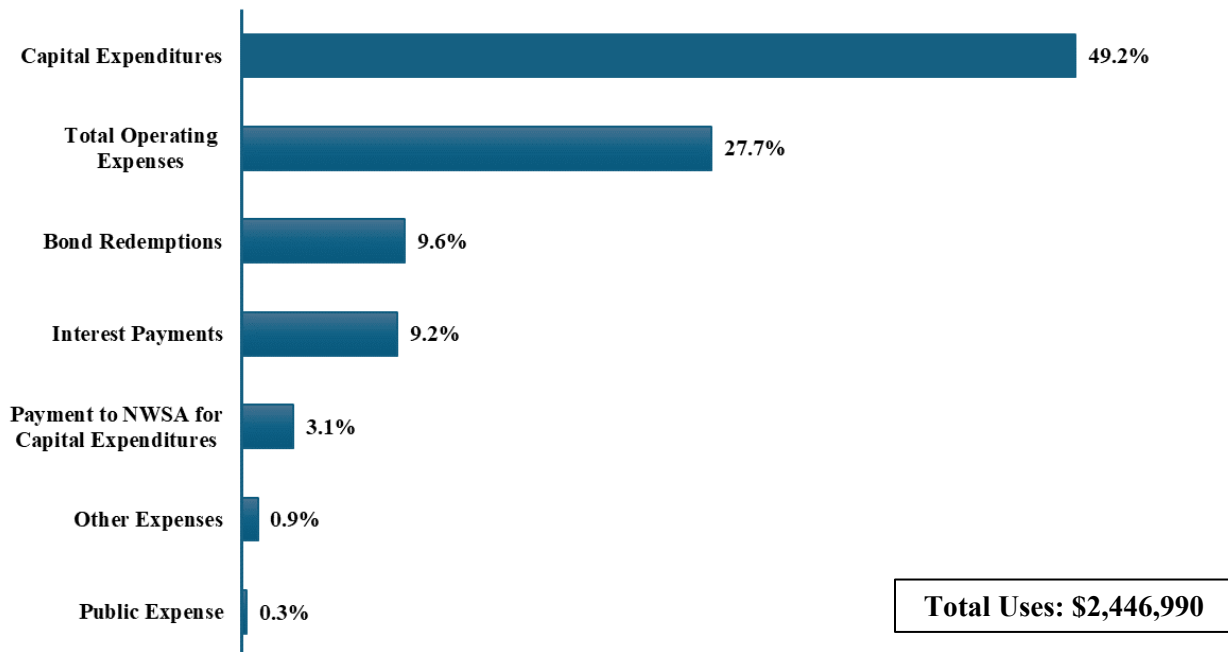
**FIGURE I-1: SOURCES OF CASH**

(\$ 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 as Duwamish Valley Community Equity Program, South King County Community Impact Fund, and Maritime Youth Career Launch program. These programs not only address health and economic inequities but also provide training opportunities and resources for underserved communities to ensure that economic prosperity is equally shared by all communities regardless of race.

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

The Aviation Division operates SEA, which is located on 2,800 acres, 12 miles south of downtown Seattle. The airport includes 3 runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length and a subway system linking the concourses. SEA is the 11<sup>th</sup> busiest U.S. airport as measured by passenger volume in 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 a major trade gateway in North America. 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

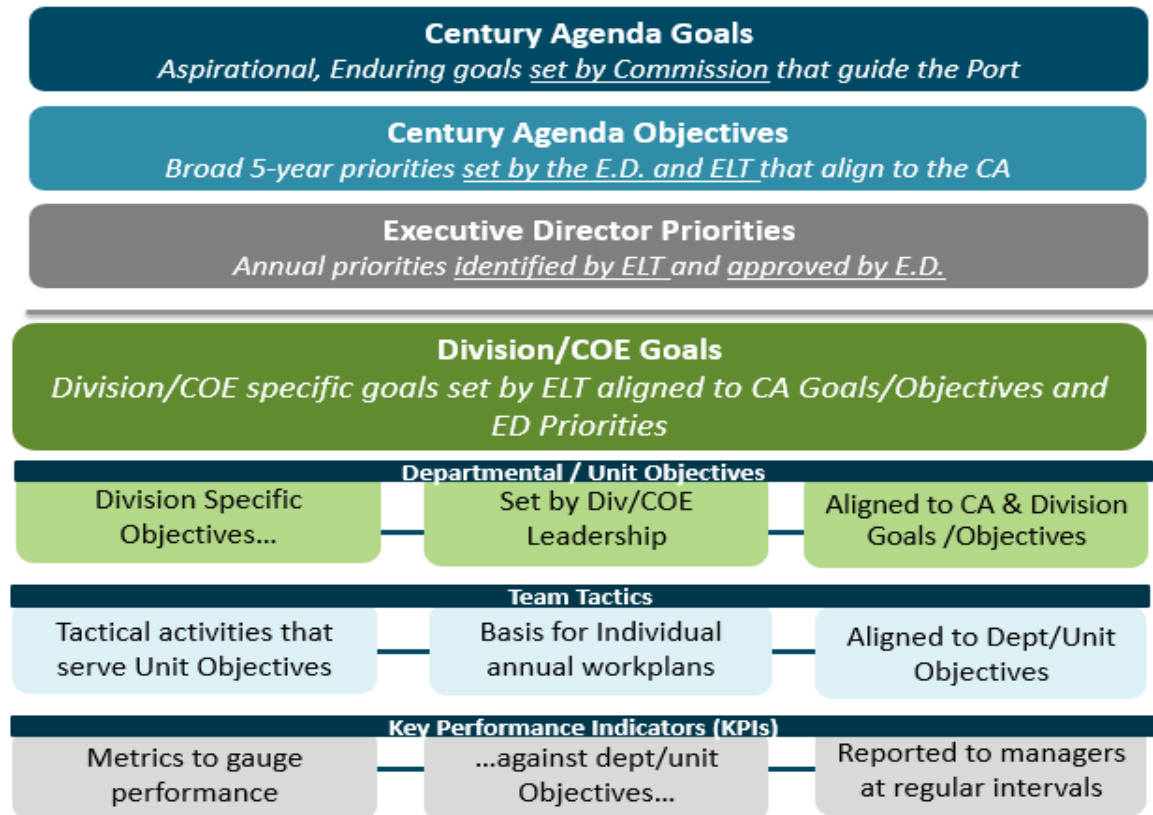
## Port-wide Strategic Alignment under the Century Agenda

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:

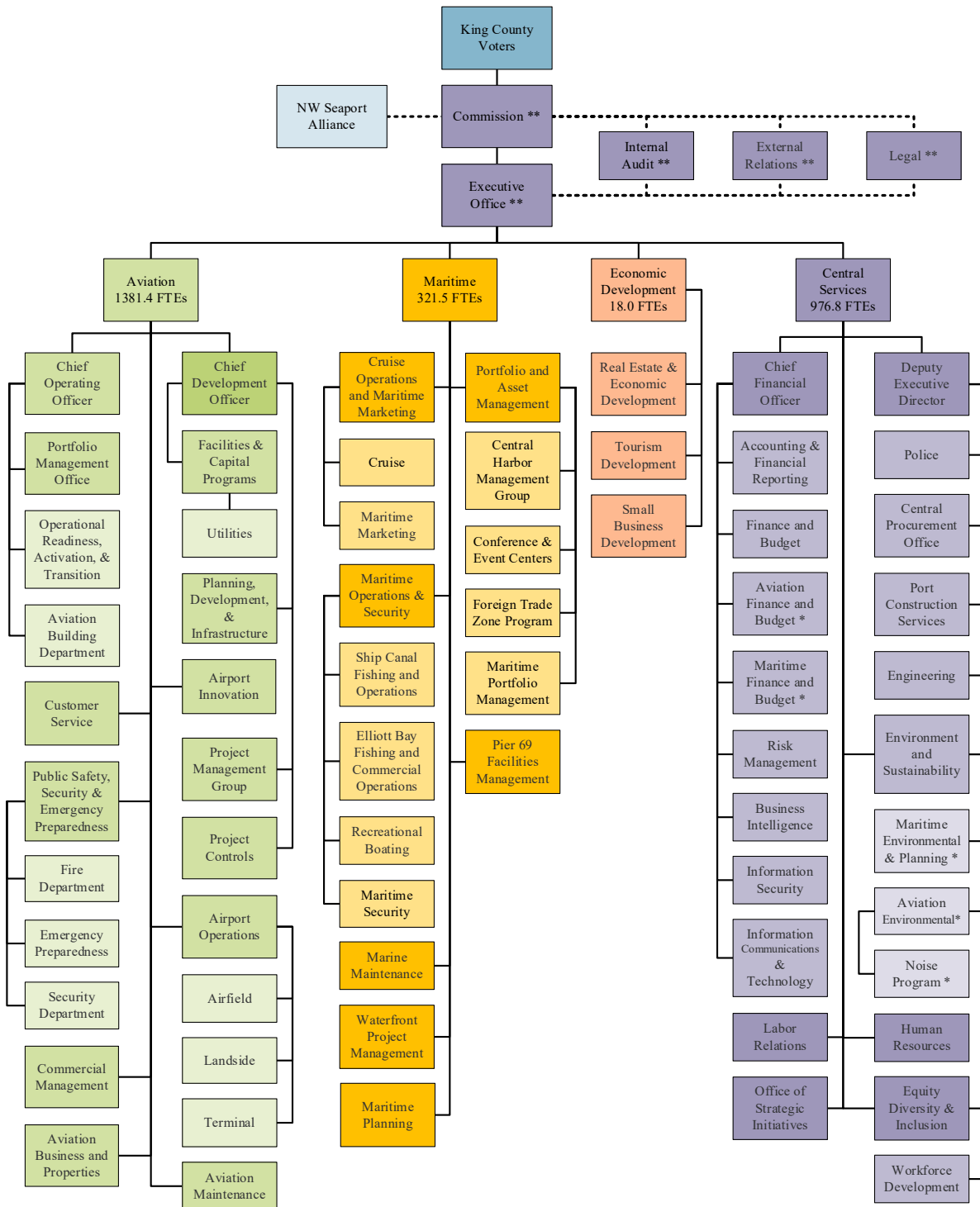
Hamdi Mohamed, President  
Toshiko Grace Hasegawa, Vice President  
Ryan Calkins, Commissioner  
Sam Cho, Commissioner  
Fred Felleman, Commissioner

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        |
|--|------------------|------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
|  | Actual           | Actual           | Budget            | Budget             | Forecast           |                    |                    |                   | Compound Growth    |
| <b>OPERATING BUDGET</b>                              |                  |                  |                   |                    |                    |                    |                    |                   |                    |
| Aeronautical Revenue                                 | \$ 402,540       | \$ 479,697       | \$ 520,600        | \$ 563,836         | \$ 681,888         | \$ 790,962         | \$ 849,699         | \$ 902,518        | 12.5%              |
| Airport Non-Aero Revenues                            | 256,613          | 326,592          | 332,713           | 372,280            | 397,763            | 432,260            | 451,156            | 457,330           | 5.3%               |
| Non-Airport Revenues                                 | 95,624           | 105,306          | 112,604           | 125,144            | 131,676            | 137,590            | 144,430            | 150,968           | 4.8%               |
| NWSA Distributable Revenue                           | 55,353           | 57,685           | 57,154            | 58,333             | 56,109             | 57,616             | 57,973             | 56,042            | -1.0%              |
| <b>Total Operating Revenues</b>                      | <b>810,130</b>   | <b>969,281</b>   | <b>1,023,071</b>  | <b>1,119,593</b>   | <b>1,267,436</b>   | <b>1,418,428</b>   | <b>1,503,258</b>   | <b>1,566,858</b>  | <b>8.8%</b>        |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>     | <b>491,377</b>   | <b>579,607</b>   | <b>617,406</b>    | <b>678,288</b>     | <b>736,246</b>     | <b>778,267</b>     | <b>824,453</b>     | <b>870,219</b>    | <b>6.4%</b>        |
| DRS Pension Credit                                   | (15,638)         | (28,709)         | -                 | -                  | -                  | -                  | -                  | -                 | NA                 |
| <b>Total O&amp;M Expenses with Pension Credit</b>    | <b>475,739</b>   | <b>550,899</b>   | <b>617,406</b>    | <b>678,288</b>     | <b>736,246</b>     | <b>778,267</b>     | <b>824,453</b>     | <b>870,219</b>    | <b>6.4%</b>        |
| <b>NOI Before Depreciation (with Pension Credit)</b> | <b>334,390</b>   | <b>418,382</b>   | <b>405,665</b>    | <b>441,305</b>     | <b>531,190</b>     | <b>640,160</b>     | <b>678,805</b>     | <b>696,638</b>    | <b>12.1%</b>       |
| Total Depreciation Expense                           | 232,236          | 256,740          | 250,025           | 267,028            |                    |                    |                    |                   |                    |
| <b>NOI After Depreciation (with Pension Credit)</b>  | <b>\$102,155</b> | <b>\$161,642</b> | <b>\$ 155,640</b> | <b>\$ 174,277</b>  |                    |                    |                    |                   |                    |
|  |                  |                  |                   |                    |                    |                    |                    |                   | <b>Total</b>       |
|  |                  |                  |                   |                    |                    |                    |                    |                   | <b>2025 - 2029</b> |
| <b>Committed Capital Budget</b>                      | \$ 336,002       | \$ 473,379       | \$ 929,067        | \$ 1,152,120       | \$ 958,776         | \$ 576,176         | \$ 401,503         | \$ 366,961        | \$ 3,455,535       |
| <b>Business Plan Prospective</b>                     | 3,588            | 7,541            | 94,642            | 258,491            | 325,070            | 438,830            | 577,367            | 536,491           | 2,136,248          |
| <b>CIP Cashflow Adjustment Reserve</b>               | -                | -                | (181,044)         | (207,330)          | 1,308              | 161,962            | 42,360             | 1,700             | (0)                |
| <b>Total Capital Budget</b>                          | <b>\$339,590</b> | <b>\$480,920</b> | <b>\$ 842,665</b> | <b>\$1,203,280</b> | <b>\$1,285,154</b> | <b>\$1,176,968</b> | <b>\$1,021,229</b> | <b>\$ 905,152</b> | <b>\$5,591,783</b> |

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- 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 \$1,119.6 million and Total Operating Expenses of \$678.3 million. Net Operating Income Before Depreciation calculates to \$441.3 million. Net Operating Income After Depreciation is budgeted at \$174.3 million.

- Aviation Division's Operating Revenues are \$936.1 million, a \$82.8 million or 9.7% increase from 2024 budget. Total Operating Expenses are budgeted at \$553.2 million. This represents a \$57.5 million or 11.6% increase compared to the 2024 budget. Net Operating Income Before Depreciation is \$382.9 million.
- Maritime Division's Operating Revenues are \$118.1 million, a \$10.4 million or 9.7% increase from 2024 budget. Total Operating Expenses are \$103.7 million, a \$3.6 million or 3.6% increase from 2024 budget. Net Operating Income Before Depreciation is \$14.4 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 \$195.9 million, a \$14.9 million or 8.3% 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)   | 2021              | 2022              | 2023              | 2024              | 2024              | 2025              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Notes   | Actual            | Actual            | Actual            | Budget            | Forecast          | Budget            |
| <b>Total Operating Revenue</b>  | <b>622,020</b>    | <b>810,130</b>    | <b>969,281</b>    | <b>1,023,071</b>  | <b>1,047,447</b>  | <b>1,119,593</b>  |
| <b>Total Operating Expenses w/o Pension Credit</b>                    | <b>422,372</b>    | <b>491,377</b>    | <b>579,607</b>    | <b>617,406</b>    | <b>623,689</b>    |                   |
| DRS Pension Credit  | (57,716)          | (15,638)          | (28,709)          | -                 | -                 | -                 |
| <b>Total Operating Expenses with Pension Credit</b>                   | <b>364,656</b>    | <b>475,739</b>    | <b>550,899</b>    | <b>617,406</b>    | <b>623,689</b>    | <b>678,288</b>    |
| <b>Net Operating Income Before Depreciation (with Pension Credit)</b> | <b>257,364</b>    | <b>334,390</b>    | <b>418,382</b>    | <b>405,665</b>    | <b>423,758</b>    | <b>441,305</b>    |
| <b>Depreciation</b>   | <b>190,683</b>    | <b>232,236</b>    | <b>256,740</b>    | <b>250,025</b>    | <b>250,025</b>    | <b>267,028</b>    |
| <b>Operating Income</b>   | <b>66,680,936</b> | <b>102,155</b>    | <b>161,642</b>    | <b>155,640</b>    | <b>173,733</b>    | <b>174,277</b>    |
| <b>Non-Operating Income (Expense):</b>                                |                   |                   |                   |                   |                   |                   |
| 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            |
| Interest income & (expense)   | (5,386,157)       | (50,735,202)      | 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 charge revenue bonds interest expense              | (1,041)           | -                 | -                 | -                 | -                 | -                 |
| GO bond interest income (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 Non-Op Revenue (Expense)  | (20,160)          | (61,271)          | (3,658)           | (4,459)           | (4,459)           | (6,705)           |
| <b>Total non-operating income (expense)</b>                           | <b>100,646</b>    | <b>83,229</b>     | <b>134,348</b>    | <b>64,333</b>     | <b>64,333</b>     | <b>96,560</b>     |
| <b>Income Before Capital Contributions</b>                            | <b>167,327</b>    | <b>185,384</b>    | <b>295,990</b>    | <b>219,973</b>    | <b>238,065</b>    | <b>270,837</b>    |
| <b>Capital Contributions</b>  | <b>47,632</b>     | <b>38,116</b>     | <b>36,309</b>     | <b>63,421</b>     | <b>44,377</b>     | <b>53,329</b>     |
| <b>Income Before Special Item</b>                                     | <b>\$ 214,959</b> | <b>\$ 223,500</b> | <b>\$ 332,299</b> | <b>\$ 283,394</b> | <b>\$ 282,443</b> | <b>\$ 324,166</b> |
| <b>Special Item</b>   | <b>(34,907)</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Increase In Net Position</b>                                       | <b>\$ 180,053</b> | <b>\$ 223,500</b> | <b>\$ 332,299</b> | <b>\$ 283,394</b> | <b>\$ 282,443</b> | <b>\$ 324,166</b> |
| <b>Employment (FTES)</b>  | <b>2,411.8</b>    | <b>2,462.5</b>    | <b>2,529.1</b>    | <b>2,595.3</b>    | <b>2,597.2</b>    | <b>2,697.6</b>    |

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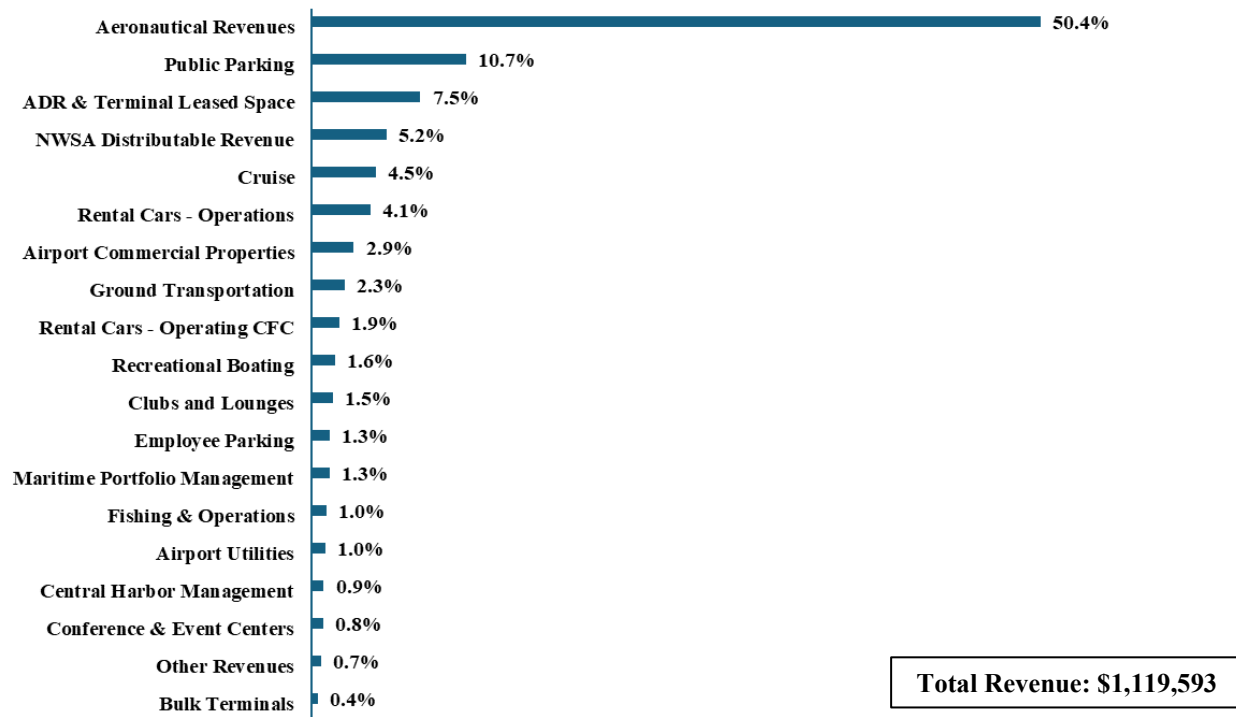
**TABLE III-3: REVENUES BY MAJOR BUSINESSES**

| (\$ in 000's)                  | 2022              | 2023              | 2024                | 2025                | % Change            |
|--------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Revenue by Major Businesses    | Actual            | Actual            | Budget              | Budget              | 2024 Bud - 2025 Bud |
| <b>Revenue</b>                 |                   |                   |                     |                     |                     |
| Aeronautical Revenues          | \$ 402,540        | \$ 479,697        | \$ 520,600          | \$ 563,836          | 8.3%                |
| Public Parking                 | 88,899            | 110,990           | 111,036             | 119,634             | 7.7%                |
| 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              | 84,360              | 8.0%                |
| Ground Transportation          | 20,804            | 24,878            | 25,333              | 25,901              | 2.2%                |
| Employee Parking               | 10,645            | 10,574            | 11,656              | 14,393              | 23.5%               |
| Airport Commercial Properties  | 16,747            | 20,370            | 20,496              | 32,704              | 59.6%               |
| Airport Utilities              | 7,943             | 8,666             | 10,089              | 10,838              | 7.4%                |
| Clubs and Lounges              | 8,688             | 11,710            | 12,024              | 16,593              | 38.0%               |
| 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%                |
| <b>Total Operating Revenue</b> | <b>\$ 810,130</b> | <b>\$ 969,281</b> | <b>\$ 1,023,071</b> | <b>\$ 1,119,593</b> | <b>9.4%</b>         |

TABLE4.xlsx

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

(\$ in 000's)





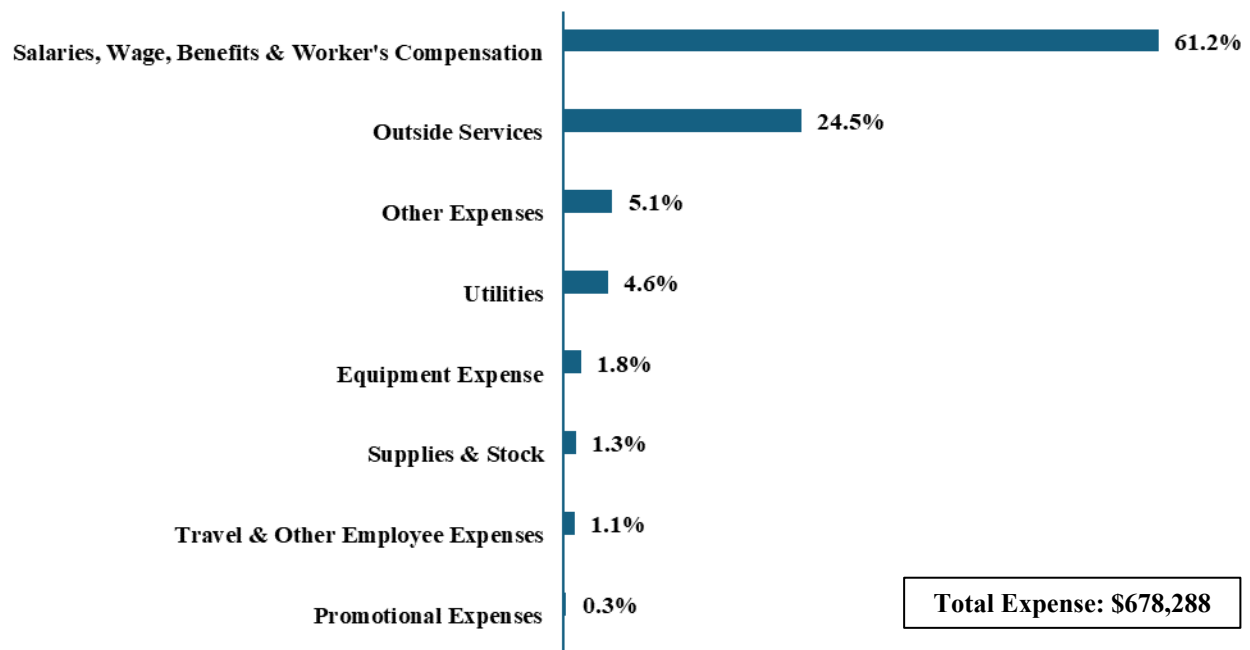
**TABLE III-4: EXPENSES BY MAJOR ACCOUNTS**

| (\$ in 000's)                                     | 2022                 | 2023              | 2024              | 2025              | % Change            |
|---|----------------------|-------------------|-------------------|-------------------|---------------------|
| Expense by Account                                | Actual               | Actual            | Budget            | Budget            | 2024 Bud - 2025 Bud |
| <b>Expense</b>                                    |                      |                   |                   |                   |                     |
| Salaries, Wage, Benefits & Worker's Compensation  | \$ 336,882           | \$ 391,419        | \$ 433,520        | \$ 474,193        | 9.4%                |
| Equipment Expense                                 | 12,477               | 12,624            | 11,637            | 14,078            | 21.0%               |
| 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           | 189,554           | 1.0%                |
| 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            | 39,228            | 17.5%               |
| <b>Total O&amp;M without Environmental</b>        | <b>545,716</b>       | <b>628,668</b>    | <b>719,564</b>    | <b>774,318</b>    | <b>7.6%</b>         |
| Enivormental Remediation Liablity Expense         | (540)                | 17,243            | 157               | 1,589             | 912.1%              |
| <b>Total O&amp;M with Environmental</b>           | <b>545,175</b>       | <b>645,911</b>    | <b>719,721</b>    | <b>775,907</b>    | <b>7.8%</b>         |
| Charges to Capital/Govt/Envrs Projects            | (53,798)             | (66,304)          | (102,315)         | (97,619)          | -4.6%               |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>  | <b>491,377</b>       | <b>579,607</b>    | <b>617,406</b>    | <b>678,288</b>    | <b>9.9%</b>         |
| DRS Pension Credit                                | (15,638)             | (28,709)          | -                 | -                 | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b> | <b>1) \$ 475,739</b> | <b>\$ 550,899</b> | <b>\$ 617,406</b> | <b>\$ 678,288</b> | <b>9.9%</b>         |

TABLE4.xlsx

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

(\$ in 000's)



### **C. BUDGET OVERVIEW - STAFFING**

Port leaders recognize the importance of investing in its workforce to advance the Port's goals and to better serve the community at large. The 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) 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 FTE budget is 1,381.4, an increase of 5.0% compared to 2024. This budget includes 64.4 new FTEs to support strategic functions and achieve key initiatives.
- Maritime's 2025 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 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 FTE budget is 976.8, a 3.3% increase over 2024 budget. The 2025 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.

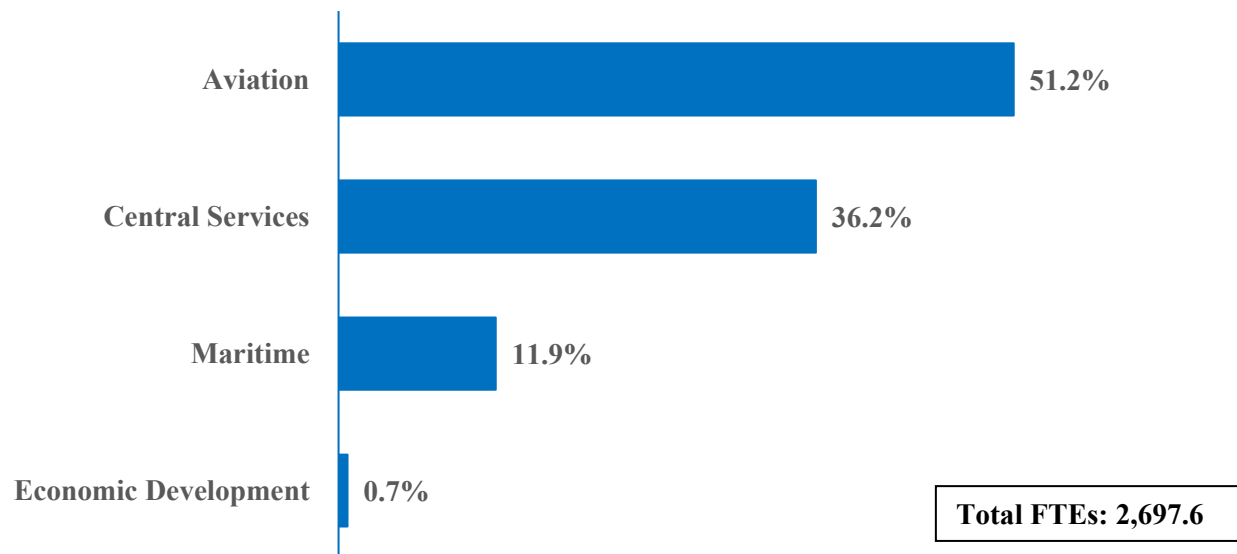
More staffing information is provided in the Aviation, Maritime, Economic Development, and Central Services sections of this document (Sections IV to VII).

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

| <b>PORT STAFFING</b><br>(Full-Time Equivalent Positions) |                        |                        |                        |                           |                        |                               |                               |
|--|------------------------|------------------------|------------------------|---------------------------|------------------------|-------------------------------|-------------------------------|
| <b>Division</b>  | <b>2022<br/>Actual</b> | <b>2023<br/>Actual</b> | <b>2024<br/>Budget</b> | <b>2024<br/>Est. Act.</b> | <b>2025<br/>Budget</b> | <b># Change<br/>2024 Bud-</b> | <b>% Change<br/>2024 Bud-</b> |
| Aviation   | 1,247.9                | 1,270.9                | 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%                          |
| <b>Total FTE's</b>                                       | <b>2,462.5</b>         | <b>2,529.1</b>         | <b>2,595.3</b>         | <b>2,597.2</b>            | <b>2,697.6</b>         | <b>102.3</b>                  | <b>3.9%</b>                   |

FTE.XLS

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



## D. CAPITAL BUDGET OVERVIEW

For the Port to meet the waterborne and air transportation needs of the region and to serve its customers, it must invest in the acquisition, development, and maintenance of long-term assets. For an organization as large and diverse as the Port, this requires comprehensive long-term capital planning which synthesizes the existing and anticipated business environment, careful estimates of customer demand for facilities, available resources, and the priorities of the organization. The 2025 capital budget is \$1.2 billion, and the five-year capital improvement plan (CIP) is \$5.6 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<br>Budget      | 2025-2029<br>CIP    | % of 2025 Total<br>Committed |
|---|-------|---------------------|---------------------|------------------------------|
| <b>Committed Capital Projects</b>         | 1)    |                     |                     |                              |
| Aviation Division                         |       | \$ 1,008,632        | \$ 3,127,803        | 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%                         |
| <b>Total Committed</b>                    |       | <b>\$ 1,151,020</b> | <b>\$ 3,439,160</b> | <b>100.0%</b>                |
| <b>Business Plan Prospective Projects</b> |       | <b>\$ 259,591</b>   | <b>\$ 2,152,623</b> |                              |
| <b>CIP Cashflow Adjustment Reserve</b>    |       | <b>\$ (207,330)</b> | <b>\$ 0</b>         |                              |
| <b>Total CIP</b>                          |       | <b>\$ 1,203,280</b> | <b>\$ 5,591,783</b> |                              |

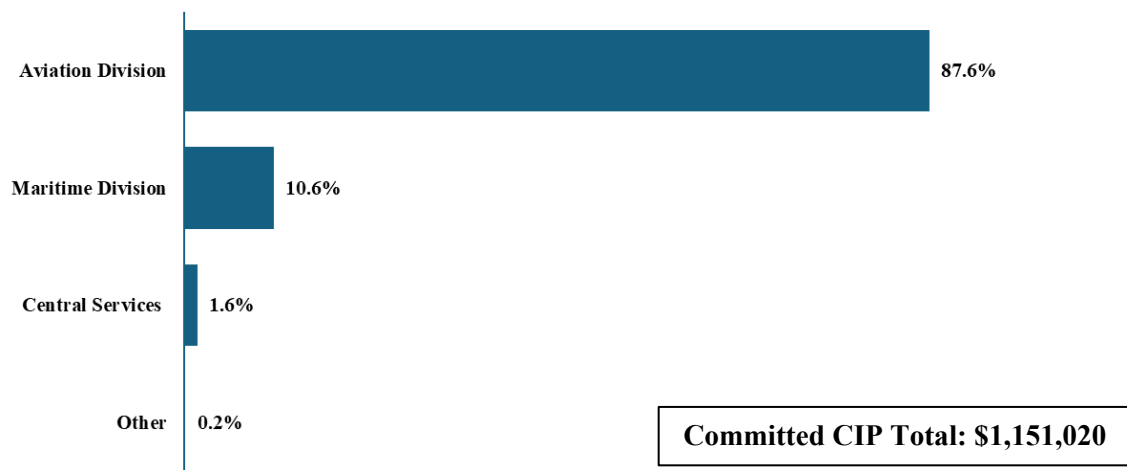
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Notes:

- 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**

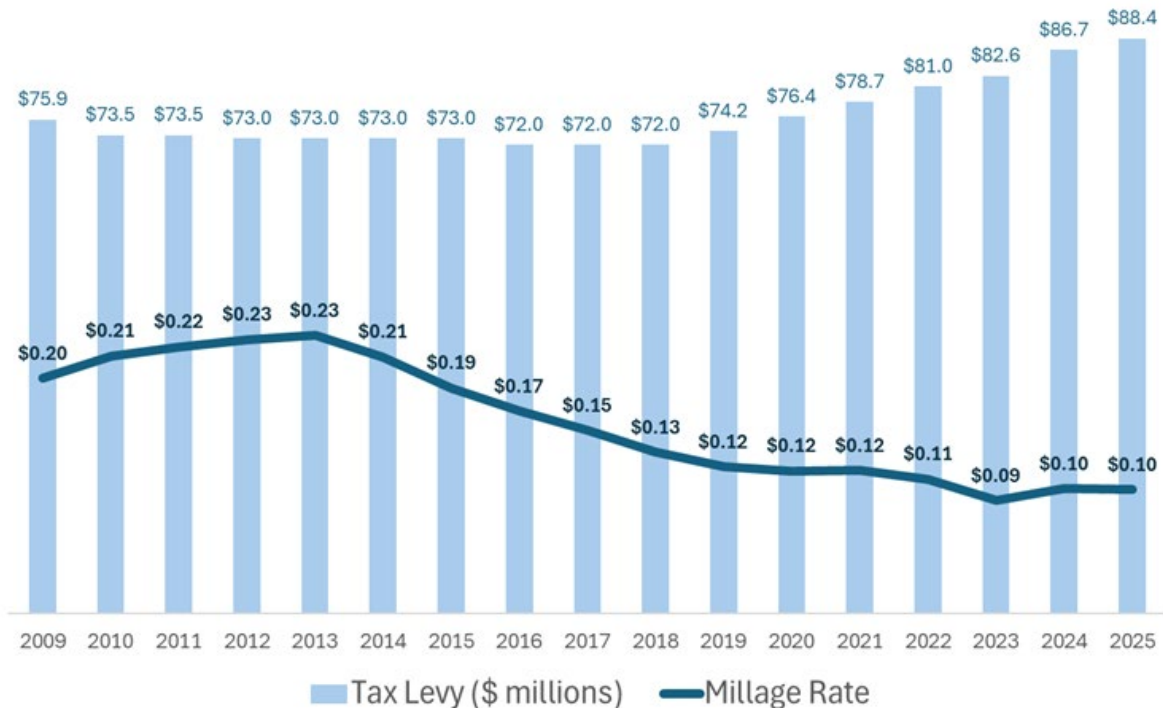
(\$ in 000's)



### E. TAX LEVY

- The preliminary maximum allowable levy for 2025 is \$117.9 million.
- For 2025, the levy is \$88.4 million, a 2.0% increase over the 2024 levy of \$86.7 million.
- 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 Office of Equity, Diversity and Inclusion and high school internship program.

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



## **F. EQUITY IN BUDGETING**

Over the years the Port has worked hard to ensure the equitable distribution of resources and mitigation of impacts in underserved communities through 16 community programs, such as the South King County Community Impact Fund, the Duwamish Valley Equity Program, the Maritime Youth Career Launch Program, and Diversity in Contracting.

To further advance the Port’s Century Agenda goal to “Become A Model of Equity, Diversity, and Inclusion,” the Port has been providing equity training to staff with the primary goal to normalize, organize, and operationalize racial equity through employee dialogues, book clubs, learning events, and mandatory training for all managers and supervisors. For the 2025 budgeting process, we collected information at both the division and department levels.

Every division is tasked with assessing their 2025 budgets for Operating Expense items that qualify as equity spending and answering questions related to qualified equity spending. This information will be used to help us understand how our budgets are aligning with our equity values and where we are spending money to advance equity. Each division reports the equity spending in the 2025 budget to both the Executives and the Commission as part of the budget reviews. The Port defines equity spending according to the three criteria listed below. For a budget item to qualify as equity spending, it must meet at least one of the three criteria:

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

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

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

Based on the identified equity spending items from the above criteria, divisions then answer the following four questions:

1. Did you have difficulty spending your budgeted equity dollars in 2024? And if so, why?
2. In your 2025 budget, how did your division choose to prioritize equity programs with the available budget?

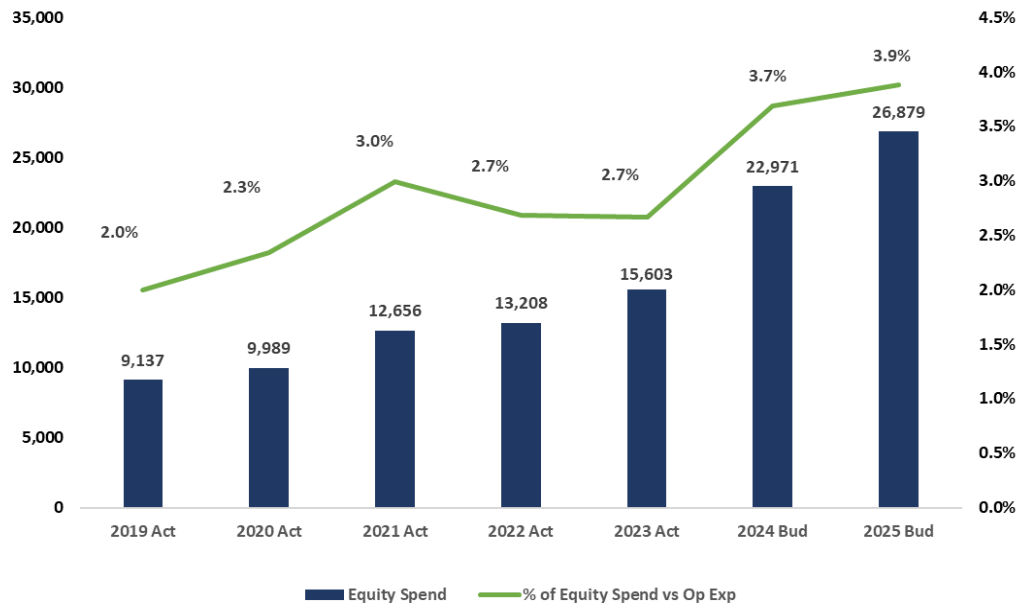
3. Additionally, is your Division implementing programs in an equitable way or plans to make programming more equitable, even if it's not directly associated with your budget or a budget request? If so, please explain.
4. How did you engage with staff, internal customers, and/or community during the 2025 budget process?
5. What new items have you added related to Equity, Diversity, and Inclusion in your 2025 budget (new requests and baseline budget)?

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

1. Office of Equity, Diversity, and Inclusion (OEDI) is offering a comprehensive suite of training and learning opportunities for Port employees. Does your department need additional or specialized EDI training that OEDI is not currently offering? If so, please contact OEDI about including the proposed costs into OEDI's budget.
2. How will your proposed budget align with your department's draft annual equity goals?
3. Has the external training, education, and professional development for all team members been discussed fairly and taken into consideration in your preliminary proposed budget?
4. How will you engage with your department's staff, other Port staff or internal customers, and/or external communities or partners during the budget process?

The following figures show the operating expense Equity Spending actuals from 2019 to 2023 and the budgeted amounts for 2024 and 2025. Equity Spending does not include WMBE spending as it is measured and reported separately by our Diversity in Contracting team.

**FIGURE III-6: EQUITY SPENDING 2019-2025**  
(\$ in 000's)



## G. CENTURY AGENDA GOALS

The Century Agenda (CA) is the directional compass for the Port of Seattle and the basis for all strategic alignment and goal creation across the Port.

Introduced in 2012 to mark the 100 year anniversary of the Port, the Commission adopted the Century Agenda to establish the Port's ambitious vision for the next 25 years and beyond. It contains six (6) goals and nineteen (19) objectives that provide structural framework for operating divisions to create tactical objectives and aligned key performance indicators (KPIs) to keep the Port on track to its destinations.

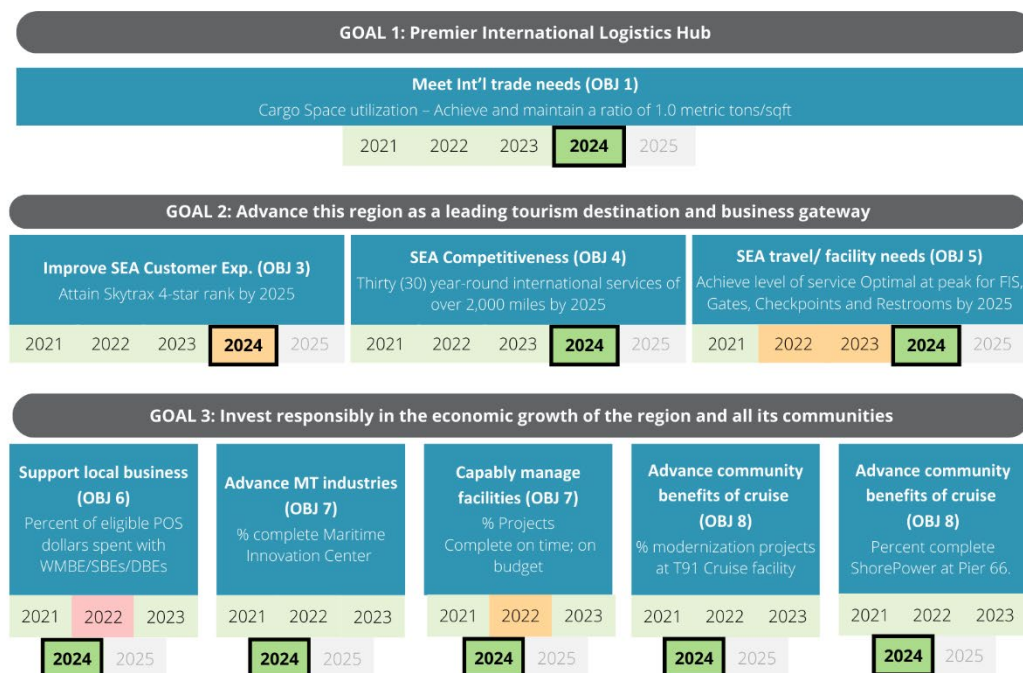
The Port updated its Century Agenda in December 2017 to add Scope 2 carbon reduction goals to our environmental sustainability priorities that supplement to accompany Scope 1 and Scope 3 carbon reduction goals.

In 2020, the CA was updated again to add goals on Equity, Diversity and Inclusion as well as to be a Highly Effective Public Agency. As part of this update, revisions were made to CA Objectives to make them more accessible and more easily aligned with existing Port priorities, work streams and lines of business.

The Port is performing well against Century Agenda Objectives. To measure our progress, CA KPIs were created as a means to review high-level progress towards the long-term goals of the Port. Of the 31 CA KPIs: 26 are On-Track; 3 are Delayed or Slightly Off-Track; 2 have no update yet.

### FIGURE III-7: CENTURY AGENDA KEY PERFORMANCE INDICATORS

Green = On track. Orange = Delayed. Red = Off-track/Needs review. Grey = No update provided yet.





**GOAL 4: Be the greenest and most energy efficient port in North America**

| Conservation & Renewable energy (OBJ 9)<br>Percentage of increased energy needs met through conservation and renewable sources |      |      | Stormwater Treatment (OBJ 10)<br>% of the agency requirements that are met on an annual basis. |      |      | Carbon emissions reduction (OBJ 11)<br>GHG emissions calculated on a rolling 3-year basis from 2005 baselines |      |      | Carbon emissions reduction (OBJ 11)<br>% of shore power capable cruise calls; % of total calls connect, each season. |      |      | Duwamish/Elliott Bay restoration (OBJ 12)<br>Progress towards goal is measured annually in acres. |      |      |
|--|------|------|--|------|------|---|------|------|--|------|------|---|------|------|
| 2021   | 2022 | 2023 | 2021   | 2022 | 2023 | 2021  | 2022 | 2023 | 2021   | 2022 | 2023 | 2021  | 2022 | 2023 |
| 2024   | 2025 |      | 2024   | 2025 |      | 2024  | 2025 |      | 2024   | 2025 |      | 2024  | 2025 |      |

**GOAL 5: Become a Model of Equity, Diversity and Inclusion**

| WMBE/SBE Support (OBJ 13)<br>Percent of eligible POS dollars spent with WMBE/SBEs/DBEs |      |      | WMBE/SBE Support (OBJ 13)<br>Number of WMBEs/SBEs contracted with by POS |      |      | Equity systems/structures (OBJ 14)<br>% completion of Equity goals in equity plans of each Port division or COE |      |      | Increase Diversity (OBJ 14)<br>% increase/year in diversity of Port workforce, including senior/management |      |      | Workforce Development (OBJ 15)<br>% increase/year in participants of color in Port WFD programs or advance career pathways in Port-related industries |      |      |
|--|------|------|--|------|------|---|------|------|--|------|------|---|------|------|
| 2021   | 2022 | 2023 | 2021   | 2022 | 2023 | 2021  | 2022 | 2023 | 2021   | 2022 | 2023 | 2021  | 2022 | 2023 |
| 2024   | 2025 |      | 2024   | 2025 |      | 2024  | 2025 |      | 2024   | 2025 |      | 2024  | 2025 |      |

**GOAL 6: Be a Highly Effective Public Agency**

| Employee Engagement (OBJ 16)<br>Annual employee turnover   |      |      | Employee Engagement (OBJ 16)<br>Customer Service score for HR  |      |      | Safety (OBJ 16)<br>% departments achieving 90% or better on safety evaluation                                     |      |      | Exceptional Public Servant (OBJ 17)<br>Improved employee engagement composite scores in each area using 2021 survey as baseline |      |      | Community Engagement (OBJ 18)<br>Number of engagements in individual King County communities annually |      |      | Community Engagement (OBJ 18)<br>Expand access and engagement with diverse communities through language assistance. |      |      |
|--|------|------|--|------|------|---|------|------|---|------|------|---|------|------|---|------|------|
| 2021   | 2022 | 2023 | 2021   | 2022 | 2023 | 2021  | 2022 | 2023 | 2021  | 2022 | 2023 | 2021  | 2022 | 2023 | 2021  | 2022 | 2023 |
| 2024   | 2025 |      | 2024   | 2025 |      | 2024  | 2025 |      | 2024  | 2025 |      | 2024  | 2025 |      | 2024  | 2025 |      |
| Aviation Capital Delivery (OBJ 19)<br>AV: Complete 75% of large Aviation CIP projects within budget and schedule |      |      | Aviation Capital Delivery (OBJ 19)<br>AV: YoY – achieve 75% of schedule milestones for large Aviation CIP projects |      |      | Aviation Capital Delivery (OBJ 19)<br>AV: YoY – achieve 75% of planned expenditures for all Aviation CIP projects |      |      | Maritime Capital Delivery (OBJ 19)<br>MT & EDD: Percent of CIP projects within approved budget                                  |      |      | Maritime Capital Delivery (OBJ 19)<br>MT & EDD: Percent of CIP projects within approved schedule      |      |      | Maritime Capital Delivery (OBJ 19)<br>MT & EDD: Percent execution rate of planned CIP project spending              |      |      |
| 2021   | 2022 | 2023 | 2021   | 2022 | 2023 | 2021  | 2022 | 2023 | 2021  | 2022 | 2023 | 2021  | 2022 | 2023 | 2021  | 2022 | 2023 |
| 2024   | 2025 |      | 2024   | 2025 |      | 2024  | 2025 |      | 2024  | 2025 |      | 2024  | 2025 |      | 2024  | 2025 |      |

## IV. AVIATION

## AVIATION DIVISION

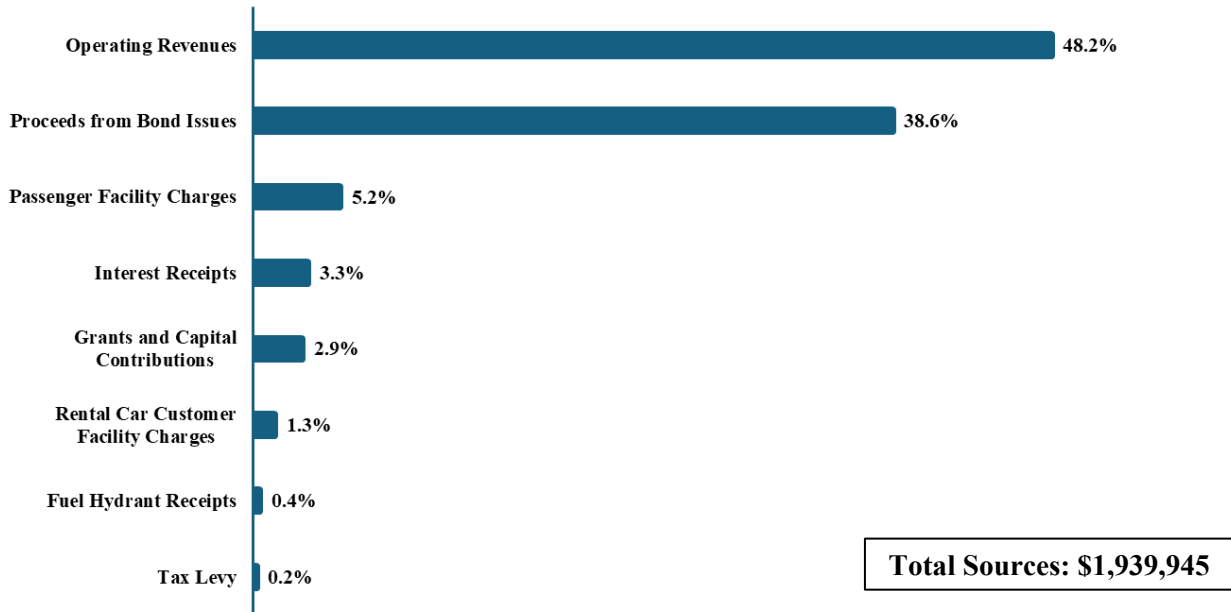
### A. 2025 BUDGET SUMMARY

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

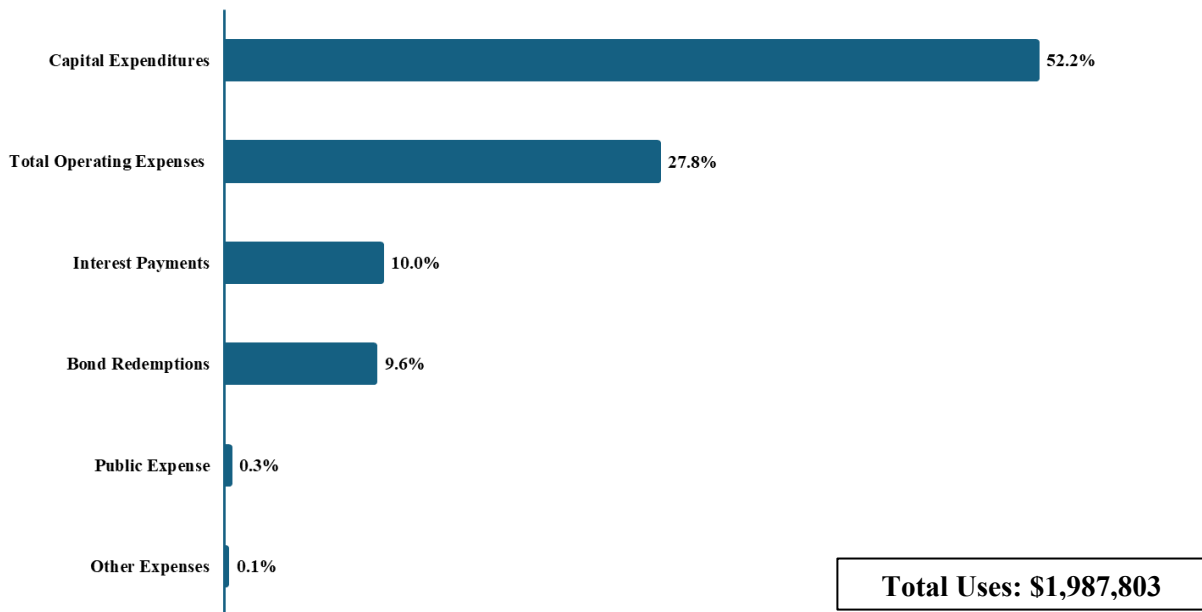
| (\$ in 000's)                        | <u>2025</u>      | <u>Percent<br/>of Total</u> |
|--------------------------------------|------------------|-----------------------------|
| <b><u>SOURCES OF CASH</u></b>        |                  |                             |
| Operating Revenues                   | 936,117          | 48.2%                       |
| Interest Receipts                    | 63,203           | 3.3%                        |
| Proceeds from Bond Issues            | 750,000          | 38.6%                       |
| Grants and Capital Contributions     | 57,128           | 2.9%                        |
| Tax Levy                             | 3,019            | 0.2%                        |
| 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%                        |
| <b>Total</b>                         | <b>1,943,945</b> | <b>100%</b>                 |
| <b><u>USES OF CASH</u></b>           |                  |                             |
| <b>Expenses from Operations:</b>     |                  |                             |
| Total Operating Expenses             | 553,222          | 27.8%                       |
| <b>Debt Service:</b>                 |                  |                             |
| Interest Payments                    | 199,191          | 10.0%                       |
| Bond Redemptions                     | 191,213          | 9.6%                        |
| Total Debt Service                   | 390,403          | 19.6%                       |
| Other Expenses                       | 1,777            | 0.1%                        |
| Public Expense                       | 5,412            | 0.3%                        |
| Capital Expenditures                 | 1,036,989        | 52.2%                       |
| <b>Total</b>                         | <b>1,987,803</b> | <b>100%</b>                 |

CASHFLW.xlsx

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



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



## B. FINANCIAL FORECAST

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

| (\$ in 000's)                                     | Actual<br>2023  | Budget<br>2024 | Budget<br>2025   | Forecast         |                  |                  |                  | Compound<br>Growth<br>2025-2029 |
|---|-----------------|----------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| OPERATING BUDGET                                  |                 |                |                  | 2026             | 2027             | 2028             | 2029             |                                 |
| Aeronautical Revenues                             | \$ 479,697      | \$ 520,600     | \$ 563,836       | \$ 681,888       | \$ 790,962       | \$ 849,699       | \$ 902,518       | 12.5%                           |
| Non-Aeronautical Revenues                         | 326,592         | 332,713        | 372,280          | 397,763          | 432,260          | 451,156          | 457,330          | 5.3%                            |
| <b>Total Operating Revenues</b>                   | <b>806,289</b>  | <b>853,313</b> | <b>936,117</b>   | <b>1,079,651</b> | <b>1,223,222</b> | <b>1,300,855</b> | <b>1,359,848</b> | <b>9.8%</b>                     |
| Operating & Maintenance Expense                   | 334,931         | 352,111        | 396,054          | 429,291          | 454,868          | 484,068          | 512,806          | 6.7%                            |
| Central Services and other Division Costs         | 100,250         | 109,595        | 118,543          | 128,491          | 136,146          | 144,886          | 153,488          | 6.7%                            |
| Law Enforcement Costs                             | 33,750          | 34,019         | 38,624           | 41,866           | 44,360           | 47,208           | 50,010           | 6.7%                            |
| <b>Total Operating Expense w/o Pension Credit</b> | <b>468,932</b>  | <b>495,724</b> | <b>553,222</b>   | <b>599,647</b>   | <b>635,374</b>   | <b>676,162</b>   | <b>716,304</b>   | <b>6.7%</b>                     |
| <b>DRS Pension Credit</b>                         | <b>(23,572)</b> | <b>-</b>       | <b>-</b>         |                  |                  |                  |                  |                                 |
| <b>Net Operating Income Before Depreciation</b>   | <b>360,929</b>  | <b>357,589</b> | <b>382,895</b>   | <b>480,004</b>   | <b>587,848</b>   | <b>624,694</b>   | <b>643,544</b>   | <b>13.9%</b>                    |
| Total Depreciation Expense                        | 214,599         | 213,005        | 229,998          |                  |                  |                  |                  |                                 |
| <b>Net Operating Income After Depreciation</b>    | <b>146,330</b>  | <b>144,584</b> | <b>152,897</b>   |                  |                  |                  |                  |                                 |
|   |                 |                |                  |                  |                  |                  |                  | <b>Total<br/>2025-2029</b>      |
| <b>Committed Capital Budget</b>                   | 437,038         | 795,967        | 1,008,632        | 851,488          | 532,822          | 376,927          | 357,935          | 3,127,803                       |
| <b>Business Plan Prospective</b>                  | 7,034           | 63,551         | 195,313          | 211,136          | 338,338          | 499,176          | 497,987          | 1,741,949                       |
| <b>CIP Cashflow Adj Reserve</b>                   |                 | (141,920)      | (166,955)        | 66,782           | 100,173          | -                | -                | -                               |
| <b>Total Capital Budget</b>                       | <b>444,072</b>  | <b>717,598</b> | <b>1,036,989</b> | <b>1,129,406</b> | <b>971,333</b>   | <b>876,102</b>   | <b>855,922</b>   | <b>4,869,752</b>                |

2025 Operating Summary Final Budget Doc.xlsx

Notes:

- 1) See Section IX for details of Capital Improvement Plan.
- 2) Financial Forecast assumes deferral of \$270M of Capital Spending due to funding constraints.

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

|                                    | Actual<br>2023 | Budget<br>2024 | Budget<br>2025 | Forecast |        |        |        |
|------------------------------------|----------------|----------------|----------------|----------|--------|--------|--------|
|                                    |                |                |                | 2026     | 2027   | 2028   | 2029   |
| <b>Key Measures (in \$'s)</b>      |                |                |                |          |        |        |        |
| Cost per Enplanement (CPE)         | 17.52          | 18.31          | 19.43          | 23.24    | 26.95  | 28.80  | 30.36  |
| O&M per Enplanement                | 17.55          | 18.74          | 20.69          | 21.94    | 23.09  | 24.38  | 25.62  |
| Non-Aero Revenue per Enplanement   | 12.87          | 12.58          | 13.92          | 14.56    | 15.71  | 16.27  | 16.36  |
| Debt per Enplanement               | 156.54         | 158.51         | 186.89         | 212.52   | 231.13 | 246.20 | 253.82 |
| Debt Service Coverage <sup>1</sup> | 2.02           | 1.88           | 1.84           | 1.74     | 1.61   | 1.50   | 1.43   |
| <b>Traffic (in 000's)</b>          |                |                |                |          |        |        |        |
| Enplanements                       | 25,371         | 26,457         | 26,737         | 27,325   | 27,517 | 27,737 | 27,959 |

2025 Operating Summary Final Budget Doc.xlsx

Notes:

- 1) Debt Service Coverage is based on the Airport only calculation per Signatory Lease Operating Agreement (SLOA).
- 2) Financial Forecast assumes deferral of \$270M of Capital Spending due to funding constraints.

## **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.

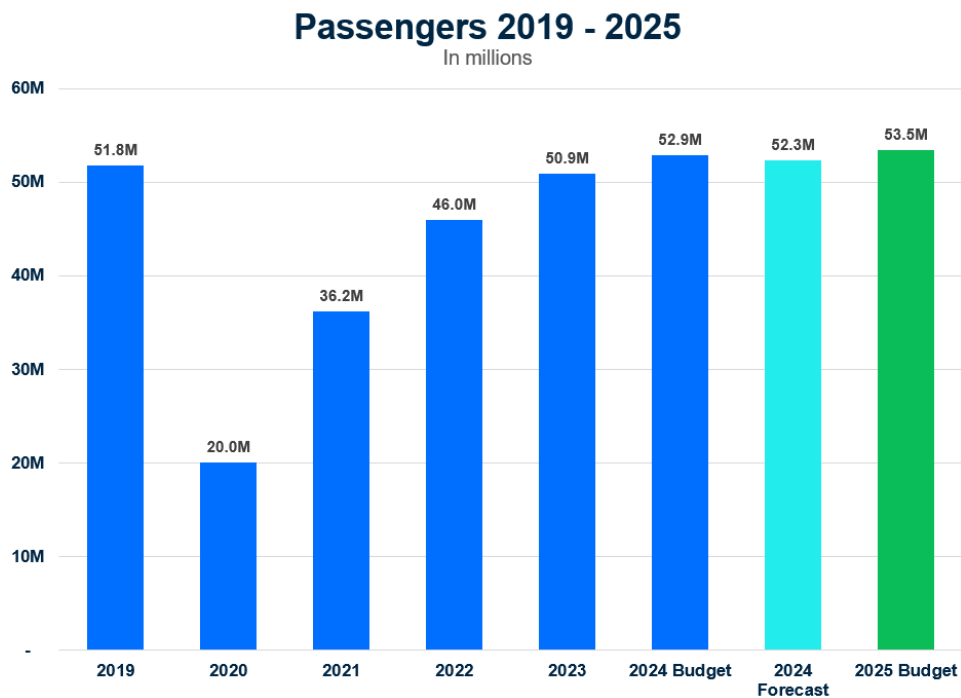
SEA is a hub for both Alaska and Delta airlines. Alaska Airlines’ many airline partnerships and participation in the **oneworld** alliance continues to contribute to growth in international service. The

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 PASSENGERS 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 **oneworld**.
- 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 \$58M, or 11.6% 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 Change in Charges to Capital (decrease in OpExp) | (9,316)        |
| 2025 Increase to baseline budget                      | 26,632         |
| Exceptions: Change in Regulated Materials             | (1,572)        |
| <b>Budget Reduction before new Budget Requests</b>    | <b>(3,901)</b> |
| Proposed 2025 additions (baseline)                    | 24,996         |
| Proposed 2025 additions (non-recurring)               | 22,917         |
| <b>Subtotal - new Budget Requests</b>                 | <b>47,913</b>  |
| <b>Incremental Budget Change - Total O&amp;M</b>      | <b>44,012</b>  |

2025 Budget Changes Summary.xlsx

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

|  |                |
|--|----------------|
| <b>2025 Payroll Cost Increases compared to 2024 Budget:</b>  | <b>\$000's</b> |
| <u>Payroll Increases (before new FTE requests)</u>           |                |
| 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                       | (539)          |
| <b>Total Baseline Payroll Increases</b>                      | <b>16,093</b>  |
| <b>Less incremental change in 5% Payroll Vacancy</b>         | <b>(1,112)</b> |
| <b>Plus incremental estimate for HR compensation program</b> | <b>1,192</b>   |
| <b>Proposed new FTEs (budget requests)</b>                   | <b>5,526</b>   |
| <b>2025 Payroll Cost Increases:</b>                          | <b>21,699</b>  |

2025 Budget Changes Summary.xlsx

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

|   |                 |                |
|---|-----------------|----------------|
| <b>2025 Non-Payroll Cost Increases compared to 2024 Budget:</b> |                 | <b>\$000's</b> |
| <u>Non-Payroll Cost Increases due to revenue growth</u>         |                 |                |
| Clubs & Lounges - higher usage/increased volume                 | 1,566           |                |
| Credit Card usage fee increases                                 | 367             |                |
| B&O tax correction  | 499             |                |
| <b>Total Non-Payroll Cost Increases due to revenue growth</b>   | <b>2,432</b>    |                |
| <u>Other Non-Payroll Cost Increases</u>                         |                 |                |
| Aviation contract increases                                     | 4,564           |                |
| Utilities increase (rate & usage)                               | 1,427           |                |
| All other Aviation Non-Payroll decrease to baseline budget      | (1,110)         |                |
| <b>Total Other Non-Payroll Cost Increases</b>                   | <b>4,882</b>    |                |
| Change to Charges to Capital (results in lower OpExp)           | (9,316)         |                |
| <b>Net Increase to Non-Payroll Baseline Budget</b>              |                 | <b>(2,002)</b> |
| <b>Change in ERL expense</b>                                    | <b>1,572</b>    |                |
| <b>Remove 2024 Budget "one-time" non-payroll items</b>          | <b>(19,644)</b> |                |
| <b>Proposed Non-Payroll expense (new 2025 Budget Requests)</b>  | <b>42,387</b>   |                |
| <b>2025 Non-Payroll Cost Increase:</b>                          |                 | <b>22,313</b>  |

2025 Budget Changes Summary.xlsx

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

|  |         |                |
|--|---------|----------------|
| <b>Increase in 2025 Budget Charges to Capital compared to the 2024 Budget:</b> |         | <b>\$000's</b> |
| <u>Higher budgeted Charges to Capital (results in lower OpExp)</u>             |         |                |
| 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)   |                |
| <b>Total increase in Charges to Capital (decrease to OpExp)</b>                |         | <b>(2,827)</b> |

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.

| <b>LARGEST APPROVED AVIATION BUDGET REQUESTS</b>                  | <b>\$000s</b> |
|---|---------------|
| Potential New Real Estate Opportunities                           | 16,146        |
| 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                                    | 14,073        |
| <b>Total</b>  | <b>50,588</b> |

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<br>Priority |   | Budget Request   | 2025 Budget Requests |                |                  |                  |
|---------------------------|---|--|----------------------|----------------|------------------|------------------|
|                           |   |  | FTEs                 | Baseline       | Non-Recurring    | Total            |
| Customer<br>Experience    | Equitable<br>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<br>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           |
|                           |   | Consolidated Call Center Coverage                                    | -                    | 100,000        | -                | 100,000          |
|                           | Processing<br>Passengers                | 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            |
|                           |   | <b>Subtotal, Customer Service</b>                                    | -                    | <b>921,550</b> | <b>1,194,000</b> | <b>2,115,550</b> |
| Employee<br>Engagement    | Attract & Retain<br>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<br>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           |
|                           |   | <b>Subtotal, Employee Engagement</b>                                 | -                    | <b>131,300</b> | <b>565,500</b>   | <b>696,800</b>   |

| Business Plan<br>Priority                         |  | Budget Request  | 2025 Budget Requests |                   |                   |                   |
|---|--|---|----------------------|-------------------|-------------------|-------------------|
|   |  |   | FTEs                 | Baseline          | Non-Recurring     | Total             |
| Financial<br>Stewardship &<br>Asset<br>Management | Keeping Up with<br>Growth at the<br>Airport                      | Potential New Real Estate Opportunities                                   | 25.0                 | 14,778,587        | 1,367,500         | 16,146,087        |
|   |  | 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,<br>Capital Development<br>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<br>Sustainability                                      | Financial Consulting Services   | -                    | -                 | 100,000           | 100,000           |
|   |  | Life Cycle Cost Analysis (LCCA) Implementation                            | -                    | -                 | 100,000           | 100,000           |
|   | Address<br>Maintenance Needs<br>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            |
|   |  | <b>Subtotal, Financial Stewardship &amp; Asset Management</b>             | <b>25.4</b>          | <b>16,208,012</b> | <b>10,625,150</b> | <b>26,833,162</b> |

| Business Plan<br>Priority                                   |  | Budget Request   | 2025 Budget Requests |           |               |           |
|---|--|--|----------------------|-----------|---------------|-----------|
|   |  |  | FTEs                 | Baseline  | Non-Recurring | Total     |
| Health, Safety,<br>and Security<br>(includes<br>passengers) | Maintain & Improve<br>Safety of Airport<br>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<br>Overall Security at<br>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<br>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<br>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  | 160,000       | 391,000     |
|                            |  | 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  | 10,018,000    | 10,982,000  |

TABLE IV-11: AERONAUTICAL BUSINESS

| (\$ in 000's)                          | 2021           | 2022           | 2023           | 2024           | 2025           | Incr (Decr)<br>Change from 2024 |               |
|--|----------------|----------------|----------------|----------------|----------------|---------------------------------|---------------|
|  | Actual         | Actual         | Actual         | Budget         | Budget         | \$                              | %             |
| <b>Aeronautical NOI</b>                |                |                |                |                |                |                                 |               |
| <b>Rate Base Revenues</b>              |                |                |                |                |                |                                 |               |
| Airfield Movement Area                 | 88,061         | 118,240        | 142,797        | 153,782        | 166,149        | 12,367                          | 8.0%          |
| Airfield Apron Area                    | 17,146         | 17,211         | 26,118         | 31,816         | 35,432         | 3,616                           | 11.4%         |
| Terminal Rents                         | 184,625        | 220,399        | 251,892        | 274,654        | 286,307        | 11,653                          | 4.2%          |
| Federal Inspection Services (FIS)      | 10,978         | 29,347         | 41,214         | 41,326         | 49,811         | 8,485                           | 20.5%         |
| <b>Total Rate Base Revenues</b>        | <b>300,810</b> | <b>385,197</b> | <b>462,020</b> | <b>501,578</b> | <b>537,699</b> | <b>36,121</b>                   | <b>7.2%</b>   |
| Airfield Commercial Area               | 16,702         | 17,343         | 17,677         | 19,022         | 26,137         | 7,116                           | 37.4%         |
| <b>Subtotal before Revenue Sharing</b> | <b>317,513</b> | <b>402,541</b> | <b>479,697</b> | <b>520,600</b> | <b>563,836</b> | <b>43,236</b>                   | <b>8.3%</b>   |
| <b>Total Aeronautical Revenues</b>     | <b>317,513</b> | <b>402,541</b> | <b>479,697</b> | <b>520,600</b> | <b>563,836</b> | <b>43,236</b>                   | <b>8.3%</b>   |
| <b>Total Aeronautical Expenses</b>     | <b>203,573</b> | <b>261,574</b> | <b>308,162</b> | <b>342,086</b> | <b>373,125</b> | <b>31,039</b>                   | <b>9.1%</b>   |
| <b>Aeronautical NOI</b>                | <b>113,940</b> | <b>140,967</b> | <b>171,535</b> | <b>178,514</b> | <b>190,711</b> | <b>12,197</b>                   | <b>6.8%</b>   |
| Debt Service                           | (80,554)       | (101,159)      | (144,395)      | (154,613)      | (179,527)      | (24,915)                        | 16.1%         |
| <b>Net Cash Flow</b>                   | <b>33,385</b>  | <b>39,808</b>  | <b>27,140</b>  | <b>23,902</b>  | <b>11,184</b>  | <b>(12,718)</b>                 | <b>-53.2%</b> |

- 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**

| (\$ in 000's)               |                |                | Impact on Aero Revenues<br>Budget vs Budget |           |
|-----------------------------|----------------|----------------|---|-----------|
|                             | 2024<br>Budget | 2025<br>Budget | \$  | %         |
| O&M <sup>(1)</sup>          | 331,860        | 360,905        | 29,045                                      | 8.8%      |
| Debt Service Before Offsets | 225,815        | 236,757        | 10,941                                      | 4.8%      |
| Debt Service PFC Offset     | (91,493)       | (93,230)       | (1,737)                                     | 1.9%      |
| Net Debt Service            | 134,322        | 143,527        | 9,204                                       | 6.9%      |
| Amortization                | 36,873         | 36,712         | (161)                                       | -0.4%     |
| Space Vacancy               | (719)          | (672)          | 47  | -6.5%     |
| Grants and Other            | (758)          | (2,773)        | (2,014)                                     | 265.7%    |
| <b>Rate Base Revenues</b>   | <b>501,578</b> | <b>537,699</b> | <b>36,121</b>                               | <b>7%</b> |
| Commercial area             | 19,022         | 26,137         | 7,116                                       | 37%       |
| <b>Total Aero Revenues</b>  | <b>520,600</b> | <b>563,836</b> | <b>43,236</b>                               | <b>8%</b> |

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

**Aero Cost Driver Highlights (Change compared to 2024 Budget):**

- Aeronautical rate-based operating expenses increased by \$29.0M. Below is the breakout of the Aero Operating Expenses:
  - Aero direct O&M increase of \$14.7M (about 41% of increase is from payroll, 59% is from non-payroll).
    - Payroll increase of \$6.1M – 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 \$2.3M 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; \$0.5M 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, Utilities, Supplies, Promo, Travel, General/Other, Workers Comp) increases of \$2.6M – includes various small changes in baseline and one-time budget requests.
    - Environmental Remediation Liability (ERL) expense increased by \$1.4M.
    - Overhead Allocations represent increase of \$2.3M.
  - Divisional Allocations, and Internal Utility Allocations increase of \$10.0M.
  - Other Division Allocations increase of \$4.3M.

- Debt Service net increased by \$9.2M:
  - The \$9.2M 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                   | 2021           | 2022           | 2023           | 2024           | 2025           | Incr (Decr)      |              |
|--|----------------|----------------|----------------|----------------|----------------|------------------|--------------|
| (\$ in 000's)                          | Actual         | Actual         | Actual         | Budget         | Budget         | Change from 2024 |              |
|  |                |                |                |                |                | \$               | %            |
| <b>Non-Aeronautical Revenues</b>       |                |                |                |                |                |                  |              |
| Public Parking                         | 64,104         | 88,899         | 110,990        | 111,036        | 119,634        | 8,598            | 7.7%         |
| Rental Cars                            | 34,740         | 58,344         | 63,460         | 61,599         | 67,197         | 5,598            | 9.1%         |
| Ground Transportation                  | 11,947         | 20,804         | 24,878         | 25,333         | 25,901         | 567              | 2.2%         |
| Airport Dining & Retail                | 35,565         | 39,709         | 65,952         | 71,332         | 76,630         | 5,298            | 7.4%         |
| Clubs and Lounges                      | 3,478          | 8,688          | 11,710         | 12,024         | 16,593         | 4,570            | 38.0%        |
| Utilities                              | 6,350          | 7,943          | 8,666          | 10,089         | 10,838         | 749              | 7.4%         |
| All Other                              | 40,936         | 37,224         | 40,936         | 41,300         | 55,487         | 14,187           | 34.4%        |
| <b>Total Non-Aeronautical Revenues</b> | <b>183,819</b> | <b>256,613</b> | <b>326,592</b> | <b>332,713</b> | <b>372,280</b> | <b>39,567</b>    | <b>11.9%</b> |
| <b>Total Non-Aeronautical Expenses</b> | <b>90,644</b>  | <b>121,130</b> | <b>137,529</b> | <b>153,639</b> | <b>180,097</b> | <b>26,458</b>    | <b>17.2%</b> |
| <b>Non-Aeronautical NOI</b>            | <b>93,175</b>  | <b>135,483</b> | <b>189,063</b> | <b>179,075</b> | <b>192,183</b> | <b>13,109</b>    | <b>7.3%</b>  |

**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 2023 was implemented 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 Transportation Network Company (TNC) trips continue 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 \$26.5M, a 17.2% increase from 2024 budget. 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          | 2022          | 2023          | 2024          | 2025          | Incr (Decr)<br>Change from 2024 |              |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------------|--------------|
| Non-Aeronautical NOI                  | Actual        | Actual        | Actual        | Budget        | Budget        | \$                              | %            |
| <b>Non-Aeronautical Revenues</b>      |               |               |               |               |               |                                 |              |
| Public Parking                        | \$ 3.55       | \$ 3.87       | \$ 4.37       | \$ 4.20       | \$ 4.47       | \$ 0.28                         | 6.6%         |
| Rental Cars                           | 1.92          | 2.54          | 2.50          | 2.33          | 2.51          | 0.18                            | 7.9%         |
| Rental Cars - Operations              | 1.81          | 1.93          | 1.83          | 1.60          | 1.70          | 0.11                            | 6.9%         |
| Rental Cars - Operating CFC           | 0.11          | 0.53          | 0.67          | 0.73          | 0.81          | 0.08                            | 10.3%        |
| Ground Transportation                 | 0.66          | 0.91          | 0.98          | 0.96          | 0.97          | 0.01                            | 1.2%         |
| Employee Parking                      | 0.50          | 0.46          | 0.42          | 0.44          | 0.54          | 0.10                            | 22.2%        |
| <b>Landside Total</b>                 | <b>6.63</b>   | <b>7.78</b>   | <b>8.27</b>   | <b>7.92</b>   | <b>8.49</b>   | <b>0.57</b>                     | <b>7.2%</b>  |
| Airport Dining & Retail               | 1.97          | 1.73          | 2.60          | 2.70          | 2.87          | 0.17                            | 6.3%         |
| Tenant Marketing                      | 0.05          | 0.06          | 0.06          | 0.07          | 0.00          | (0.07)                          | -100.0%      |
| Commercial Properties                 | 0.69          | 0.73          | 0.80          | 0.77          | 1.22          | 0.45                            | 57.9%        |
| Clubs and Lounges                     | 0.19          | 0.38          | 0.46          | 0.45          | 0.62          | 0.17                            | 36.6%        |
| Non-Airline Terminal Leased Space     | 0.33          | 0.29          | 0.33          | 0.26          | 0.29          | 0.03                            | 13.2%        |
| AOB Conference Center                 | 0.00          | 0.01          | 0.01          | 0.01          | 0.01          | 0.00                            | 36.5%        |
| <b>Commercial ManagementTotal</b>     | <b>3.24</b>   | <b>3.19</b>   | <b>4.26</b>   | <b>4.26</b>   | <b>5.01</b>   | <b>0.75</b>                     | <b>17.7%</b> |
| Utilities                             | 0.35          | 0.35          | 0.34          | 0.38          | 0.41          | 0.02                            | 6.3%         |
| Other                                 | (0.05)        | 0.08          | (0.00)        | 0.01          | 0.01          | (0.00)                          | -1.0%        |
| <b>Total Revenues per Enplanement</b> | <b>10.17</b>  | <b>11.17</b>  | <b>12.87</b>  | <b>12.58</b>  | <b>13.92</b>  | <b>1.35</b>                     | <b>10.7%</b> |
| <b>ADR Sales per Enplanement</b>      | <b>13.97</b>  | <b>15.99</b>  | <b>16.95</b>  | <b>17.75</b>  | <b>18.00</b>  | <b>0.25</b>                     | <b>1.4%</b>  |
| <b>Enplanements (# in 000's)</b>      | <b>18,073</b> | <b>22,966</b> | <b>25,371</b> | <b>26,457</b> | <b>26,737</b> | <b>280</b>                      | <b>1.1%</b>  |

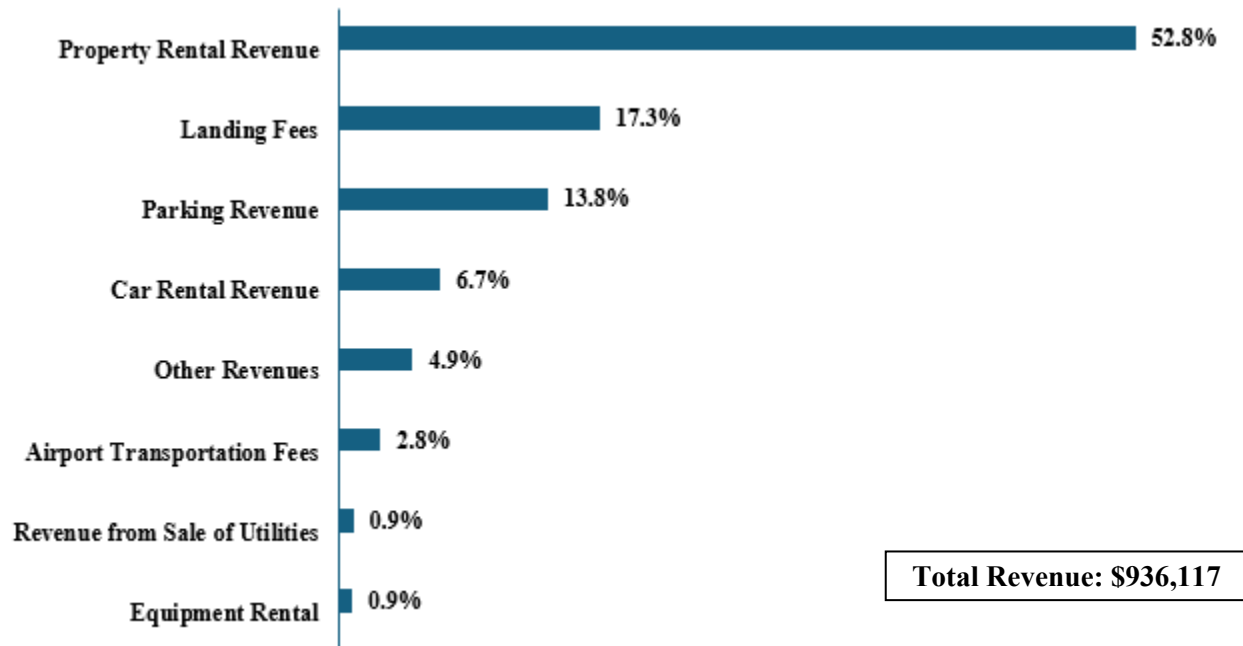
**TABLE IV-15: AVIATION REVENUE BY ACCOUNT**

| (\$ in 000's)                  |       | 2022              | 2023              | 2024              | 2025              | % Change            |
|--------------------------------|-------|-------------------|-------------------|-------------------|-------------------|---------------------|
| By Account                     | Notes | Actual            | Actual            | Budget            | Budget            | 2024 Bud - 2025 Bud |
| <b>Revenue</b>                 |       |                   |                   |                   |                   |                     |
| Equipment Rental               |       | \$ 8,545          | \$ 7,908          | \$ 7,355          | \$ 8,102          | 10.2%               |
| Landing Fees                   |       | 114,043           | 138,418           | 149,601           | 161,545           | 8.0%                |
| Airport Transportation Fees    |       | 20,722            | 24,752            | 25,270            | 25,837            | 2.2%                |
| Parking Revenue                |       | 96,420            | 117,664           | 118,557           | 129,513           | 9.2%                |
| Car Rental Revenue             |       | 52,215            | 59,101            | 57,250            | 62,829            | 9.7%                |
| Revenue from Sale of Utilities |       | 6,883             | 7,438             | 8,401             | 8,791             | 4.6%                |
| Property Rental Revenue        |       | 333,106           | 417,526           | 446,074           | 493,861           | 10.7%               |
| Other Revenues                 |       | 26,038            | 34,107            | 40,805            | 45,639            | 11.8%               |
| <b>Total Operating Revenue</b> | 1)    | <b>\$ 657,972</b> | <b>\$ 806,914</b> | <b>\$ 853,313</b> | <b>\$ 936,117</b> | <b>9.7%</b>         |

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

(\$ in 000's)



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

| (\$ in 000's)                                     | 2022              | 2023              | 2024              | 2025              | % Change            |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| Expense by Account                                | Actual            | Actual            | Budget            | Budget            | 2024 Bud - 2025 Bud |
| <b>Expense</b>                                    |                   |                   |                   |                   |                     |
| 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           | 125,654           | -1.0%               |
| 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            | 27,361            | 32.4%               |
| <b>Total O&amp;M without Environmental</b>        | <b>305,533</b>    | <b>346,832</b>    | <b>401,073</b>    | <b>435,221</b>    | <b>8.5%</b>         |
| Enivromental Remediation Liability Expense        | (1,274)           | 13,017            | 157               | 1,589             | 912.1%              |
| <b>Total O&amp;M with Environmental</b>           | <b>304,258</b>    | <b>359,849</b>    | <b>401,230</b>    | <b>436,810</b>    | <b>8.9%</b>         |
| Charges to Capital/Govt/Envrs Projects            | (20,460)          | (24,382)          | (48,641)          | (40,208)          | -17.3%              |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>  | <b>\$ 283,798</b> | <b>\$ 335,467</b> | <b>\$ 352,590</b> | <b>\$ 396,602</b> | <b>12.5%</b>        |
| DRS Pension Credit                                | (6,659)           | (11,332)          | -                 | -                 | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b> | <b>\$ 277,139</b> | <b>\$ 324,134</b> | <b>\$ 352,590</b> | <b>\$ 396,602</b> | <b>12.5%</b>        |

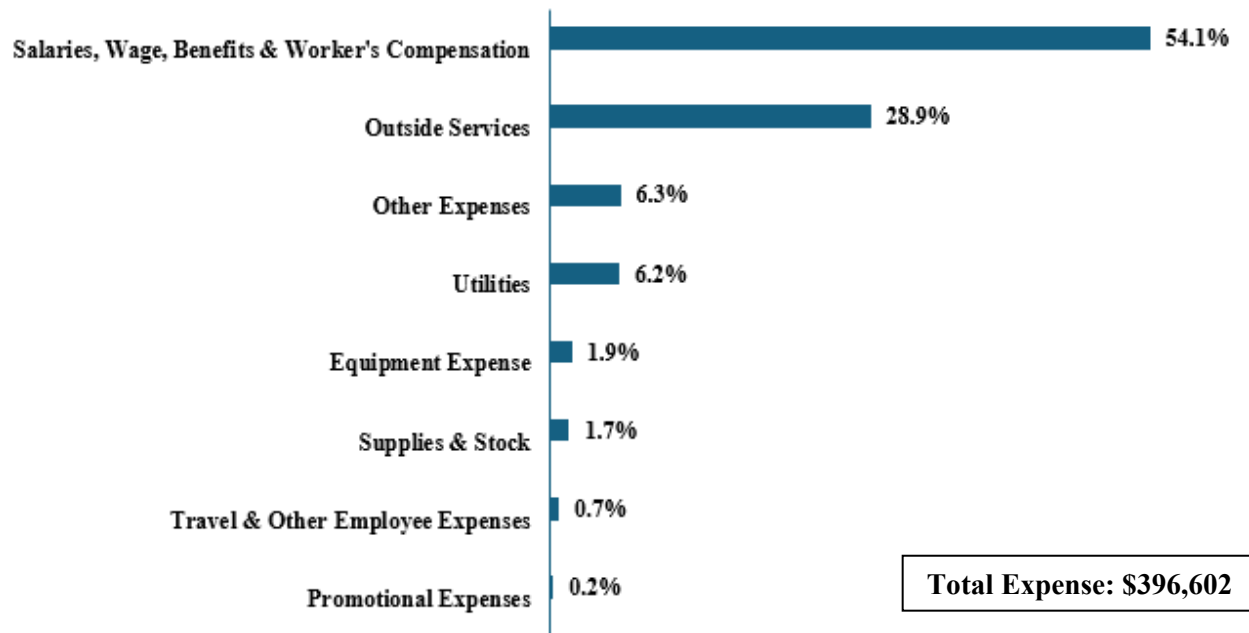
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Note:

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

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

(\$ in 000's)



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

| (\$ in 000's)                                  | 2022           | 2023           | 2024           | 2025           | Incr/(Decr)<br>from 2024 |              |
|--|----------------|----------------|----------------|----------------|--------------------------|--------------|
| Aviation Revenues                              | Actual         | Actual         | Budget         | Budget         | \$                       | %            |
| <b><u>AIRLINE REVENUES</u></b>                 |                |                |                |                |                          |              |
| <b>Rate Base Revenues</b>                      |                |                |                |                |                          |              |
| Airfield Movement Area                         | 118,240        | 142,797        | 153,782        | 166,149        | 12,367                   | 8.0%         |
| Airfield Apron Area                            | 17,211         | 26,118         | 31,816         | 35,432         | 3,616                    | 11.4%        |
| Terminal Rents                                 | 220,399        | 251,892        | 274,654        | 286,307        | 11,653                   | 4.2%         |
| Federal Inspection Services (FIS)              | 29,347         | 41,214         | 41,326         | 49,811         | 8,485                    | 20.5%        |
| <b>Total Rate Base Revenues</b>                | <b>385,197</b> | <b>462,020</b> | <b>501,578</b> | <b>537,699</b> | <b>36,121</b>            | <b>7.2%</b>  |
| Airfield Commercial Area                       | 17,343         | 17,677         | 19,022         | 26,137         | 7,116                    | 37.4%        |
| <b>Total Aeronautical Revenues</b>             | <b>402,540</b> | <b>479,697</b> | <b>520,600</b> | <b>563,836</b> | <b>43,236</b>            | <b>8.3%</b>  |
| <b><u>NON-AIRLINE REVENUES</u></b>             |                |                |                |                |                          |              |
| Public Parking                                 | 88,899         | 110,990        | 111,036        | 119,634        | 8,598                    | 7.7%         |
| Rental Cars                                    | 56,473         | 63,460         | 61,599         | 67,197         | 5,598                    | 9.1%         |
| Ground Transportation                          | 20,804         | 24,878         | 25,333         | 25,901         | 567                      | 2.2%         |
| Airport Dining & Retail                        | 36,562         | 65,952         | 71,332         | 76,630         | 5,298                    | 7.4%         |
| Other  | 53,875         | 61,312         | 63,413         | 82,919         | 19,506                   | 30.8%        |
| <b>Total Non-Aeronautical Revenues</b>         | <b>256,613</b> | <b>326,592</b> | <b>332,713</b> | <b>372,280</b> | <b>39,567</b>            | <b>11.9%</b> |
| <b>Total Operating Revenues (\$3000 basis)</b> | <b>659,153</b> | <b>806,289</b> | <b>853,313</b> | <b>936,117</b> | <b>82,803</b>            | <b>9.7%</b>  |

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

| (\$ in 000's)                               | 2022           | 2023           | 2024           | 2025           | Incr/(Decr)<br>from 2024 |              |
|---|----------------|----------------|----------------|----------------|--------------------------|--------------|
| Aviation Business Group/Department          | Actual         | Actual         | Budget         | Budget         | \$                       | %            |
| <b><u>BUSINESS UNITS</u></b>                |                |                |                |                |                          |              |
| Aviation Non-Ops                            | -              | -              | -              | -              | -                        |              |
| Airport Operations                          | 46,576         | 53,684         | 65,221         | 73,107         | 7,886                    | 12.1%        |
| Aviation Utilities                          | 24,983         | 25,382         | 27,464         | 30,480         | 3,016                    | 11.0%        |
| Aviation Commercial Management              | 5,536          | 8,937          | 12,777         | 13,755         | 978                      | 7.7%         |
| Airport Properties                          | 6,285          | 8,058          | 9,980          | 17,132         | 7,152                    | 71.7%        |
| <b>TOTAL BUSINESS UNITS</b>                 | <b>83,380</b>  | <b>96,061</b>  | <b>115,442</b> | <b>134,474</b> | <b>19,031</b>            | <b>16.5%</b> |
| <b><u>NON-AIRLINE REVENUES</u></b>          |                |                |                |                |                          |              |
| Airport Innovation                          | 721            | 834            | 1,334          | 1,700          | 366                      | 27.4%        |
| Airport Security                            | 16,752         | 20,215         | 22,627         | 24,557         | 1,930                    | 8.5%         |
| Aviation Building Department                | 613            | 852            | 1,711          | 2,050          | 339                      | 19.8%        |
| Aviation Director's Office                  | 2,344          | 2,454          | 3,371          | 4,867          | 1,497                    | 44.4%        |
| Aviation Division Contingency               | 0              | 0              | (2,465)        | (7,234)        | (4,769)                  | 193.5%       |
| Aviation Environmental Programs Group       | 5,367          | 6,841          | 8,943          | 7,336          | (1,607)                  | -18.0%       |
| Aviation Finance & Budget                   | 2,662          | 3,401          | 3,828          | 4,224          | 397                      | 10.4%        |
| Aviation Maintenance                        | 115,208        | 129,006        | 137,475        | 152,468        | 14,993                   | 10.9%        |
| Customer Service Department                 | 5,183          | 6,011          | 7,606          | 8,216          | 610                      | 8.0%         |
| Fire Department                             | 24,427         | 22,694         | 24,828         | 27,797         | 2,969                    | 12.0%        |
| Noise Programs                              | 1,054          | 1,218          | 2,882          | 2,990          | 108                      | 3.7%         |
| Operational Readiness Activation            | 1,046          | 664            | 1,113          | 788            | (325)                    | -29.2%       |
| <b>TOTAL AVIATION SERVICES</b>              | <b>175,376</b> | <b>194,192</b> | <b>213,252</b> | <b>229,759</b> | <b>16,507</b>            | <b>7.7%</b>  |
| <b><u>CAPITAL DEVELOPMENT PROGRAM</u></b>   |                |                |                |                |                          |              |
| Aviation Facilities & Capital Programs      | 8,414          | 10,405         | 14,061         | 16,958         | 2,897                    | 20.6%        |
| Aviation Project Management Group           | 3,620          | 3,144          | 5,435          | 9,834          | 4,399                    | 80.9%        |
| Planning, Development & Infrastructure      | 32             | 539            | 503            | 533            | 29                       | 5.8%         |
| Project Controls                            | 818            | 726            | 808            | 539            | (269)                    | -33.3%       |
| <b>TOTAL CAPITAL DEVELOPMENT PROGRAM</b>    | <b>12,884</b>  | <b>14,815</b>  | <b>20,808</b>  | <b>27,864</b>  | <b>7,057</b>             | <b>33.9%</b> |
| <b><u>OTHER</u></b>                         |                |                |                |                |                          |              |
| Aviation Environmental Reserve              | (1,274)        | 13,017         | 157            | 1,589          | 1,432                    | 912.1%       |
| Aviation Risk Expense                       | 4,418          | 5,570          | 2,931          | 2,916          | (15)                     | -0.5%        |
| Aviation Capital to Expense                 | 2,356          | 480            | -              | -              | -                        |              |
| <b>TOTAL OTHER</b>                          | <b>5,499</b>   | <b>19,066</b>  | <b>3,088</b>   | <b>4,505</b>   | <b>1,417</b>             | <b>45.9%</b> |
| <b>Total Operating Expenses (Org Basis)</b> | <b>277,139</b> | <b>324,134</b> | <b>352,590</b> | <b>396,602</b> | <b>44,012</b>            | <b>12.5%</b> |

**E. STAFFING**

**TABLE IV-19: AVIATION STAFFING**

| STAFFING<br>(Full-Time Equivalent Positions) | 2021<br>Actual  | 2022<br>Actual  | 2023<br>Actual  | 2024<br>Budget  | 2024<br>Estimate | 2025<br>Budget  | # Change<br>from<br>2024 Bud | % Change<br>from<br>2024 Bud |
|--|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------------------|------------------------------|
| BUSINESS GROUP/DEPARTMENT                    |                 |                 |                 |                 |                  |                 |                              |                              |
| <u>AIRPORT OPERATIONS</u>                    |                 |                 |                 |                 |                  |                 |                              |                              |
| 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%                        |
| <b>Airport Operations</b>                    | <b>236.1</b>    | <b>243.1</b>    | <b>245.1</b>    | <b>253.1</b>    | <b>253.1</b>     | <b>283.5</b>    | <b>30.4</b>                  | <b>12.0%</b>                 |
| <u>COMMERCIAL MANAGEMENT</u>                 |                 |                 |                 |                 |                  |                 |                              |                              |
| 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%                         |
| <b>Commercial Management</b>                 | <b>46.4</b>     | <b>46.2</b>     | <b>49.2</b>     | <b>50.3</b>     | <b>50.3</b>      | <b>52.3</b>     | <b>2.0</b>                   | <b>4.0%</b>                  |
| <u>AVIATION SERVICES</u>                     |                 |                 |                 |                 |                  |                 |                              |                              |
| 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%                         |
| <b>Total Aviation Services</b>               | <b>930.2</b>    | <b>918.6</b>    | <b>933.6</b>    | <b>966.6</b>    | <b>966.6</b>     | <b>991.6</b>    | <b>24.9</b>                  | <b>2.6%</b>                  |
| <u>FACILITIES</u>                            |                 |                 |                 |                 |                  |                 |                              |                              |
| 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%                        |
| <b>Total Facilities</b>                      | <b>40.0</b>     | <b>40.0</b>     | <b>43.0</b>     | <b>46.0</b>     | <b>47.0</b>      | <b>54.0</b>     | <b>8.0</b>                   | <b>17.4%</b>                 |
| <b>TOTAL AVIATION DIVISION</b>               | <b>1,252.78</b> | <b>1,247.91</b> | <b>1,270.91</b> | <b>1,316.03</b> | <b>1,316.97</b>  | <b>1,381.37</b> | <b>65.34</b>                 | <b>5.0%</b>                  |

FTE.XLS



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

The below table is a summary of all changes in Aviation FTEs from the 2024 Budget to the 2025 Budget.

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

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

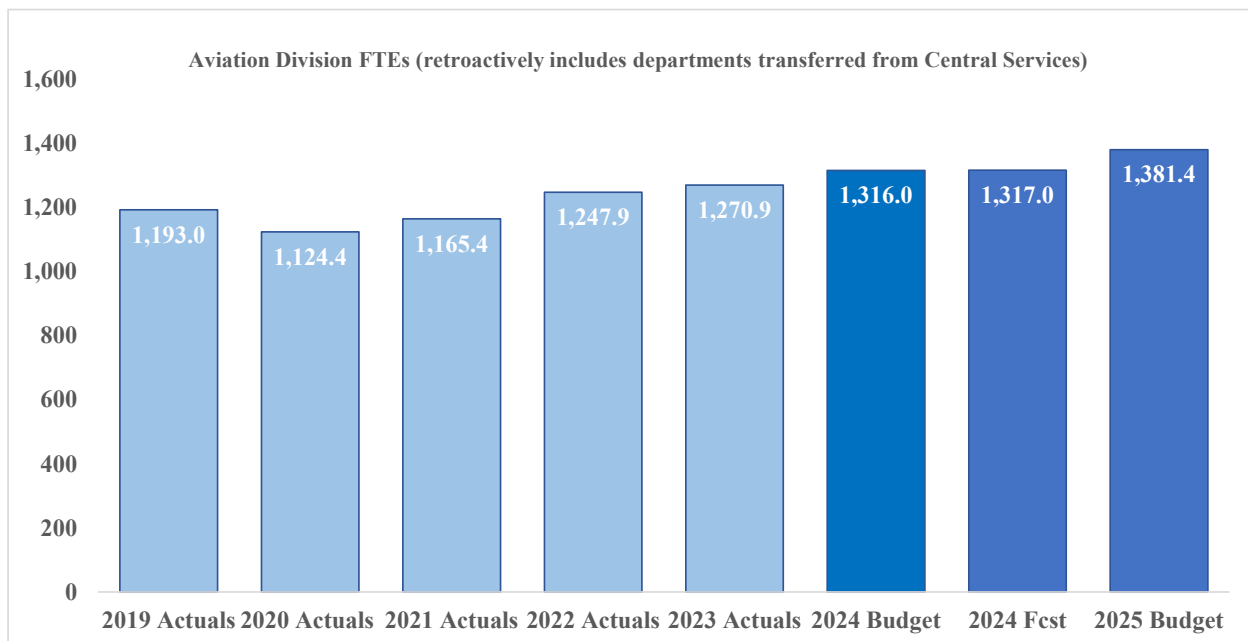
The table below provides a detailed listing of the new FTEs added in the 2025 Budget to achieve key initiatives.

| 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        |
| <b>Grand Total</b>                 |      |   | <b>64.4</b> | <b>\$ 5,942,918</b> |

#### **FIGURE IV-6: AVIATION FTEs**

The graph below provides an overview of airport FTEs over a six-year period, and intentionally excluded those FTEs held vacant and unfunded in 2020, 2021, and 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 \$4.9B. 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 \$692M 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 CIP**

| (\$ in 000's)                      | 2024           | 2025             | 2026             | 2027           | 2028           | 2029           | 2025 - 29<br>TOTAL |
|------------------------------------|----------------|------------------|------------------|----------------|----------------|----------------|--------------------|
| <b>Mega Projects</b>               |                |                  |                  |                |                |                |                    |
| 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            |
| <b>Subtotal - Mega Projects</b>    | <b>307,440</b> | <b>496,458</b>   | <b>463,635</b>   | <b>366,845</b> | <b>356,249</b> | <b>382,253</b> | <b>2,065,440</b>   |
| 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                      | -              | 131,000          | 26,000           | 124,638        | 195,000        | 215,000        | 691,638            |
| <b>Subtotal</b>                    | <b>377,658</b> | <b>707,486</b>   | <b>598,989</b>   | <b>504,315</b> | <b>519,853</b> | <b>473,669</b> | <b>2,804,312</b>   |
| CIP Cashflow Adj Reserve           | -              | (166,955)        | 66,782           | 100,173        | -              | -              | -                  |
| <b>Total CIP</b>                   | <b>685,098</b> | <b>1,036,989</b> | <b>1,129,406</b> | <b>971,333</b> | <b>876,102</b> | <b>855,922</b> | <b>4,869,752</b>   |

- 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 \$692M.
- 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 IV). \$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).
- CIPs Reserves - approximately \$270 million of the Airport CIP may need to be deferred due to funding constraints.

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

| (\$ in 000's)                                  | 2024           | 2025             | 2026             | 2027           | 2028           | 2029           | 2025 - 29<br>TOTAL |
|--|----------------|------------------|------------------|----------------|----------------|----------------|--------------------|
| <b>Construction Authorized (Status 5-6)</b>    |                |                  |                  |                |                |                |                    |
| 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             |
| <b>Subtotal</b>                                | 324,092        | 435,759          | 364,887          | 205,522        | 107,184        | 83,099         | 1,196,451          |
| Other Construction Authorized Capital Projects | 288,772        | 350,277          | 168,121          | 39,034         | 3,271          | 977            | 561,681            |
| <b>Total - Construction Authorized</b>         | <b>612,865</b> | <b>786,036</b>   | <b>533,008</b>   | <b>244,556</b> | <b>110,455</b> | <b>84,076</b>  | <b>1,758,132</b>   |
| <b>Design Authorized (Status 4)</b>            |                |                  |                  |                |                |                |                    |
| 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             |
| <b>Subtotal</b>                                | 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            |
| <b>Total - Design Authorized</b>               | <b>53,966</b>  | <b>215,958</b>   | <b>305,254</b>   | <b>264,852</b> | <b>226,563</b> | <b>239,107</b> | <b>1,251,734</b>   |
| <b>Pending Authorization (Status 2-3)</b>      |                |                  |                  |                |                |                |                    |
| 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            |
| <b>Subtotal - Pending</b>                      | 1,372          | 32,075           | 125,650          | 143,298        | 226,839        | 221,144        | 749,006            |
| Other Pending Capital Projects                 | 16,896         | 38,876           | 72,712           | 93,815         | 117,245        | 96,594         | 419,242            |
| <b>Total - Pending Authorization</b>           | <b>18,268</b>  | <b>70,950</b>    | <b>198,362</b>   | <b>237,113</b> | <b>344,084</b> | <b>317,738</b> | <b>1,168,248</b>   |
| <b>Subtotal</b>                                | <b>685,098</b> | <b>1,072,944</b> | <b>1,036,624</b> | <b>746,522</b> | <b>681,102</b> | <b>640,922</b> | <b>4,178,114</b>   |
| <b>CIP Reserves</b>                            | -              | 131,000          | 26,000           | 124,638        | 195,000        | 215,000        | 691,638            |
| <b>CIP Cashflow Adj Reserve</b>                | -              | (166,955)        | 66,782           | 100,173        | -              | -              | -                  |
| <b>Grand Total</b>                             | <b>685,098</b> | <b>1,036,989</b> | <b>1,129,406</b> | <b>971,333</b> | <b>876,102</b> | <b>855,922</b> | <b>4,869,752</b>   |

**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. Approximately \$270 million of the Airport CIP may need to be deferred due to funding constraints.
- 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: AVIATION APPROVED NEW PROJECTS**

| (\$ in 000's)     |                     |         |   | Cost Estimate  | 2024          | 2025          | 2026          | 2027          | 2028          | 2029          | 2025-2029<br>Total | Total<br>Cashflows |
|-------------------|---------------------|---------|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|--------------------|
| Justification     | Category            | CIP     | Description                             |                |               |               |               |               |               |               |                    |                    |
| 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                |
| <b>Total</b>      |                     |         |   | <b>443,943</b> | <b>14,692</b> | <b>29,733</b> | <b>84,847</b> | <b>83,175</b> | <b>85,344</b> | <b>78,961</b> | <b>362,060</b>     | <b>441,809</b>     |

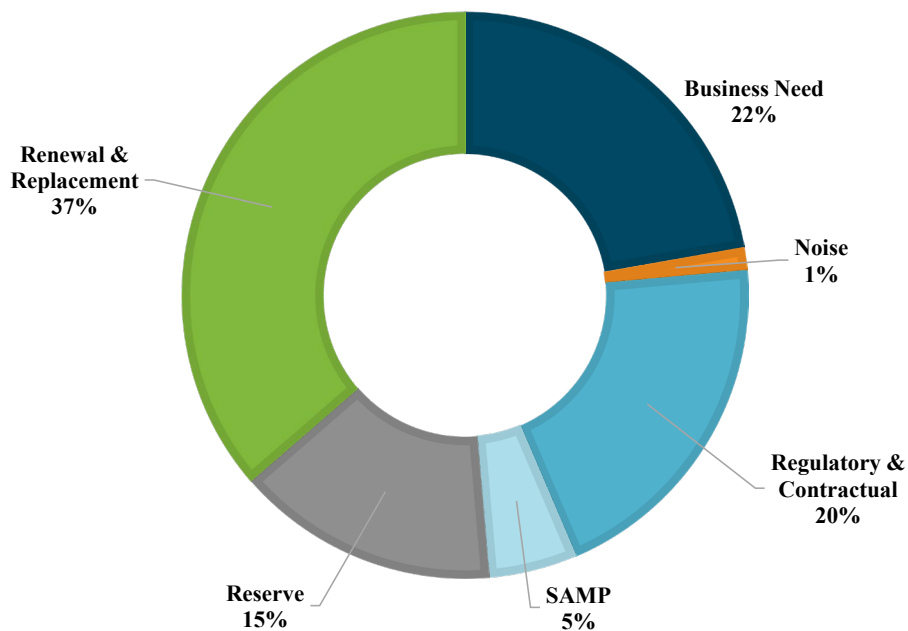
A total of 11 new projects were approved through the Aviation Investment Committee:

- 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 code 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 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 sq ft parcel from the city of Des Moines to enhance accessibility and overall developability of the Des Moines Creek (DMC) West project.

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

| Category                                      | Number of Projects | Total 5-Year Cash Flow<br>(\$ in 000's) |
|---|--------------------|---|
| Regulatory & Contractual                      | 26                 | \$974,053                               |
| Renewal & Replacement                         | 67                 | \$1,770,806                             |
| Business Needs                                | 66                 | \$1,083,888                             |
| Noise   | 5                  | \$64,289                                |
| SAMP Design Pre-approval in<br>SLOA Agreement | 6                  | \$246,217                               |
| Reserves & Allowances                         | 12                 | \$730,500                               |
| <b>TOTAL</b>                                  | <b>182</b>         | <b>\$4,869,752</b>                      |

**FIGURE IV-7: 2025-2029 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 & Contractual** projects include Industrial Waste Treatment Plant, Taxiway A Circuit, Utility Meter Networking, and S. 188<sup>th</sup> Tunnel Lighting.

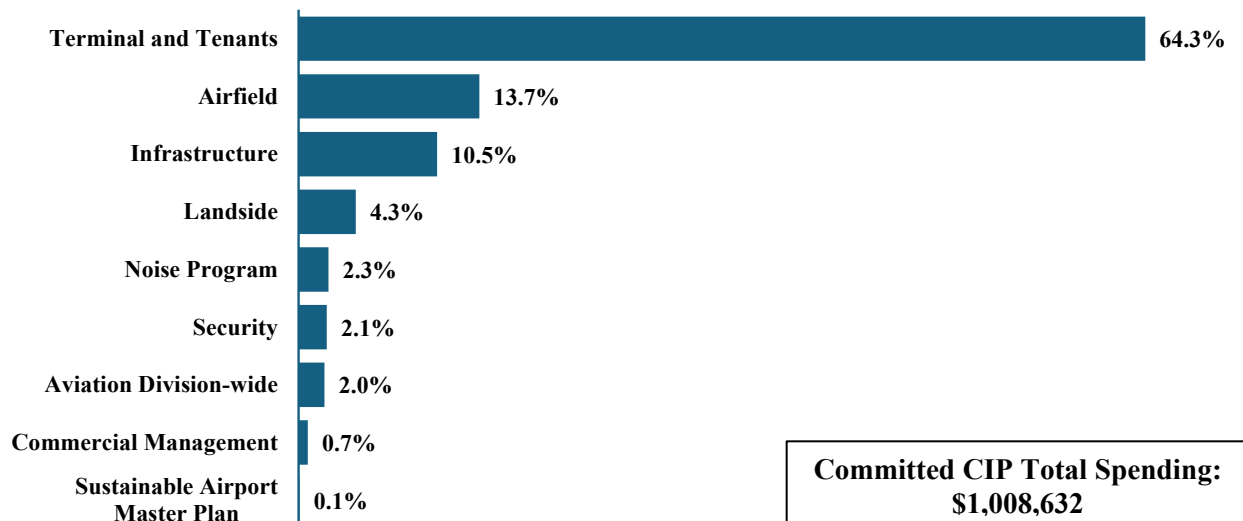
**TABLE IV-26: AVIATION CAPITAL BUDGET SUMMARY**

| (\$ in 000's)                             | 2025<br>Budget      | 2025-2029<br>CIP    | % of 2025 Total<br>Committed |
|---|---------------------|---------------------|------------------------------|
| <b>Committed Capital Projects</b>         |                     |                     |                              |
| Terminal and Tenants                      | \$ 648,056          | \$ 2,297,774        | 64.3%                        |
| Infrastructure                            | 106,074             | 394,494             | 10.5%                        |
| Airfield                                  | 138,439             | 170,843             | 13.7%                        |
| Landside                                  | 43,818              | 135,696             | 4.3%                         |
| Noise Program                             | 22,952              | 60,976              | 2.3%                         |
| Aviation Division-wide                    | 19,810              | 33,039              | 2.0%                         |
| Security                                  | 21,623              | 25,038              | 2.1%                         |
| Commercial Management                     | 7,143               | 9,227               | 0.7%                         |
| Sustainable Airport Master Plan           | 717                 | 717                 | 0.1%                         |
| <b>Total Committed</b>                    | <b>\$ 1,008,632</b> | <b>\$ 3,127,803</b> | <b>100.0%</b>                |
| <b>Business Plan Prospective Projects</b> | <b>\$ 195,313</b>   | <b>\$ 1,741,949</b> |                              |
| <b>CIP Cashflow Adjustment Reserve</b>    | <b>\$ (166,955)</b> | <b>\$ -</b>         |                              |
| <b>Total CIP</b>                          | <b>\$ 1,036,989</b> | <b>\$ 4,869,752</b> |                              |

CAPSUM.xlsx

**FIGURE IV-8: AVIATION CAPITAL BUDGET**

(\$ in 000's)





**G. AVIATION DIVISION OPERATING STATISTICS**

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

| Year                          | (1)<br>Enplaned<br>Passengers |        | (2)<br>Total<br>Landed Weight |        | (3)<br>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 <sup>(4)</sup>           | 10,037                        | -61.2% | 20,007                        | -36.2% | 452,496          | -0.2%  |
| 2021                          | 18,073                        | 80.1%  | 26,244                        | 31.2%  | 498,741          | 10.2%  |
| 2022                          | 22,966                        | 27.1%  | 28,594                        | 9.0%   | 456,289          | -8.5%  |
| 2023                          | 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%   |
| <b>Annualized Growth Rate</b> |                               |        |                               |        |                  |        |
| 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

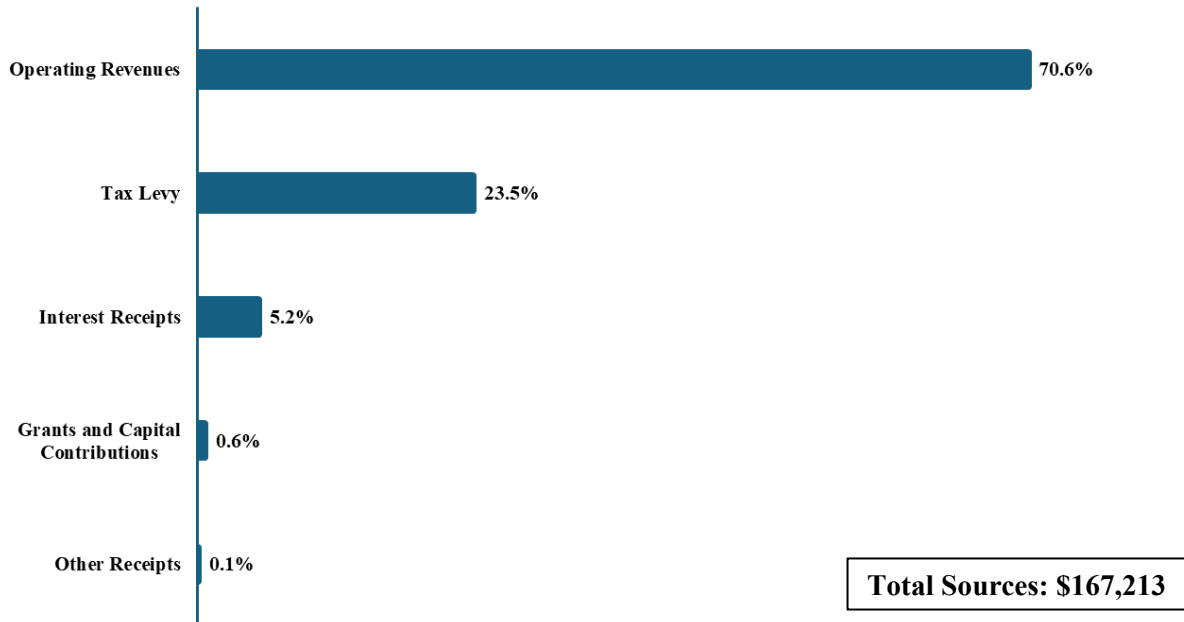
### A. 2025 BUDGET SUMMARY

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

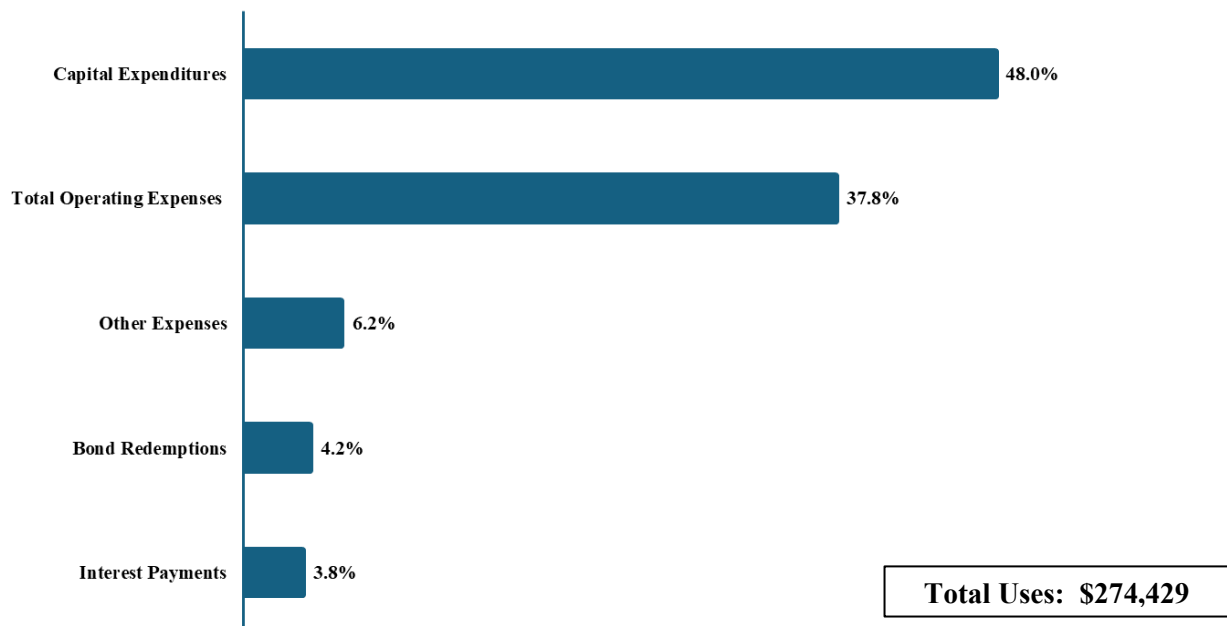
| (\$ in 000's)                    | <u>2025</u>    | <u>Percent<br/>of Total</u> |
|----------------------------------|----------------|-----------------------------|
| <b><u>SOURCES OF CASH</u></b>    |                |                             |
| Operating Revenues               | 118,111        | 70.6%                       |
| Interest Receipts                | 8,653          | 5.2%                        |
| Proceeds from Bond Issues        | -              | 0.0%                        |
| Grants and Capital Contributions | 1,060          | 0.6%                        |
| Tax Levy                         | 39,249         | 23.5%                       |
| Other Receipts                   | 141            | 0.1%                        |
| <b>Total</b>                     | <b>167,213</b> | <b>100%</b>                 |
| <b><u>USES OF CASH</u></b>       |                |                             |
| <b>Expenses from Operations:</b> |                |                             |
| Total Operating Expenses         | 103,453        | 37.7%                       |
| <b>Debt Service:</b>             |                |                             |
| Interest Payments                | 10,315         | 3.8%                        |
| Bond Redemptions                 | 11,570         | 4.2%                        |
| Total Debt Service               | 21,885         | 8.0%                        |
| Other Expenses                   | 20,097         | 7.3%                        |
| Public Expense                   | (3,000)        | -1.1%                       |
| Capital Expenditures             | 131,699        | 48.0%                       |
| <b>Total</b>                     | <b>274,134</b> | <b>100%</b>                 |

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)  | 2022             | 2023             | 2024             | 2025             | 2026              | 2027              | 2028              | 2029             | 2025 - 2029        |
|--|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|--------------------|
|  | Actual           | Actual           | Budget           | Budget           | Forecast          |                   |                   |                  | Compound Growth    |
| <b>OPERATING BUDGET</b>                              |                  |                  |                  |                  |                   |                   |                   |                  |                    |
| Operating Revenue                                    | \$ 89,265        | \$ 99,648        | \$ 107,671       | \$ 118,111       | \$ 124,148        | \$ 129,536        | \$ 135,819        | \$ 141,767       | 4.7%               |
| <b>Total Operating Revenues</b>                      | <b>89,265</b>    | <b>99,648</b>    | <b>107,671</b>   | <b>118,111</b>   | <b>124,148</b>    | <b>129,536</b>    | <b>135,819</b>    | <b>141,767</b>   | <b>4.7%</b>        |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>     | <b>81,654</b>    | <b>93,596</b>    | <b>100,171</b>   | <b>103,748</b>   | <b>111,664</b>    | <b>117,247</b>    | <b>121,937</b>    | <b>126,814</b>   | <b>5.1%</b>        |
| DRS Pension Credit                                   | (2,561)          | (3,850)          | -                | -                | -                 | -                 | -                 | -                | NA                 |
| <b>Total O&amp;M Expenses with Pension Credit</b>    | <b>79,093</b>    | <b>89,746</b>    | <b>100,171</b>   | <b>103,748</b>   | <b>111,664</b>    | <b>117,247</b>    | <b>121,937</b>    | <b>126,814</b>   | <b>5.1%</b>        |
| <b>NOI Before Depreciation (with Pension Credit)</b> | <b>10,172</b>    | <b>9,902</b>     | <b>7,500</b>     | <b>14,363</b>    | <b>12,484</b>     | <b>12,289</b>     | <b>13,883</b>     | <b>14,953</b>    | <b>1.0%</b>        |
| Total Depreciation Expense                           | 21,923           | 22,421           | 21,548           | 21,433           |                   |                   |                   |                  |                    |
| <b>NOI After Depreciation (with Pension Credit)</b>  | <b>(11,751)</b>  | <b>(12,519)</b>  | <b>(14,048)</b>  | <b>(7,070)</b>   |                   |                   |                   |                  |                    |
|  |                  |                  |                  |                  |                   |                   |                   |                  | <b>Total</b>       |
|  |                  |                  |                  |                  |                   |                   |                   |                  | <b>2025 - 2029</b> |
| <b>Committed Capital Budget</b>                      | \$ 21,052        | \$ 27,923        | \$ 115,339       | \$ 121,850       | \$ 100,884        | \$ 32,104         | \$ 500            | \$ 500           | \$ 255,838         |
| <b>Business Plan Prospective</b>                     | -                | -                | 22,911           | 42,024           | 107,594           | 94,992            | 72,691            | 32,504           | 349,805            |
| <b>CIP Cashflow Adjustment Reserve</b>               | -                | -                | (32,924)         | (32,175)         | (67,474)          | 59,789            | 39,860            | -                | -                  |
| <b>Total Capital Budget</b>                          | <b>\$ 21,052</b> | <b>\$ 27,923</b> | <b>\$105,326</b> | <b>\$131,699</b> | <b>\$ 141,004</b> | <b>\$ 186,885</b> | <b>\$ 113,051</b> | <b>\$ 33,004</b> | <b>\$ 605,643</b>  |

MABPFOR.xlsx

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 unpredictable to forecast volume for the next couple of years due to changes global grain trade and weather dependent grain harvest volume (supply).

## **Maritime Habitat Initiatives**

Demand for compensatory mitigation credits in the watershed, as well as Natural Resource Damage credits in the Lower Duwamish River, is increasing due to evolving environmental regulations and pending claims. Large-scale projects in the Duwamish River and Elliott Bay may also create new demand. The Port is in a good position given our property ownership and our track record in developing successful restoration projects for use as habitat banks. The Port 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.

### **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 white-hot industrial market seems set to cool after several years of unprecedented demand growth and rent gains that have pushed rents far above prior records. It still enjoys record-low vacancy rates and overall growth is expected but at more modest rates than in previous years. The 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 \$40-50M 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 2025 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 desirable areas for maritime and industrial users.
- Industrial real estate market remains stable.
- Experienced diverse 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, Maritime Innovation Center, 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**

- 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 80<sup>th</sup> percentile of market improved occupancy.

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

| (\$ in 000's)                           | 2022             | 2023             | 2024              | 2025              | Change                 | % Change               |
|---|------------------|------------------|-------------------|-------------------|------------------------|------------------------|
| Notes                                   | Actual           | Actual           | Budget            | Budget            | 2024 Bud -<br>2025 Bud | 2024 Bud -<br>2025 Bud |
| <b>REVENUE</b>                          |                  |                  |                   |                   |                        |                        |
| <b>Cruise Operations</b>                | \$ 30,469        | \$ 41,726        | \$ 41,057         | \$ 50,037         | \$ 8,981               | 21.9%                  |
| <b>Bulk Terminals</b>                   | 5,792            | 3,356            | 5,191             | 5,034             | (157)                  | -3.0%                  |
| <b>Fishing &amp; Operations</b>         |                  |                  |                   |                   |                        |                        |
| 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%                  |
| <b>Portfolio &amp; Asset Management</b> |                  |                  |                   |                   |                        |                        |
| 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                     |
| <b>Recreational Boating</b>             |                  |                  |                   |                   |                        |                        |
| 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%                  |
| <b>Parks/Other</b> 1)                   | 179              | (80)             | 4                 | 0                 | (4)                    | -100.0%                |
| <b>Total Revenue</b>                    | <b>\$ 89,265</b> | <b>\$ 99,648</b> | <b>\$ 107,671</b> | <b>\$ 118,111</b> | <b>\$ 10,440</b>       | <b>9.7%</b>            |

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Note:

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



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

| (\$ in 000's)                             |       | 2022             | 2023              | 2024              | 2025              | % Change            |
|---|-------|------------------|-------------------|-------------------|-------------------|---------------------|
| Revenue by Account                        | Notes | Actual           | Actual            | Budget            | Budget            | 2024 Bud - 2025 Bud |
| <b>Revenue</b>                            |       |                  |                   |                   |                   |                     |
| Dckg, Whfrg, Serv/Facility, Passenger Fee |       | \$ 6,433         | \$ 10,153         | \$ 9,163          | \$ 11,920         | 30.1%               |
| Berthage & Moorage                        |       | 16,248           | 17,858            | 18,788            | 20,828            | 10.9%               |
| Equipment Rental                          |       | 298              | 341               | 287               | 291               | 1.6%                |
| Parking Revenue                           |       | 110              | 111               | 106               | 141               | 33.3%               |
| Property Rental Revenue                   |       | 50,949           | 57,846            | 61,707            | 67,487            | 9.4%                |
| Revenue From Sale of Utilities            |       | 4,738            | 4,835             | 5,012             | 6,580             | 31.3%               |
| 3rd Party Management                      |       | 8,578            | 6,324             | 10,671            | 8,773             | -17.8%              |
| Other Revenues                            |       | 2,557            | 3,024             | 2,570             | 2,623             | 2.0%                |
| <b>Total Operating Revenue</b>            | 1)    | <b>\$ 89,910</b> | <b>\$ 100,492</b> | <b>\$ 108,304</b> | <b>\$ 118,645</b> | <b>9.5%</b>         |

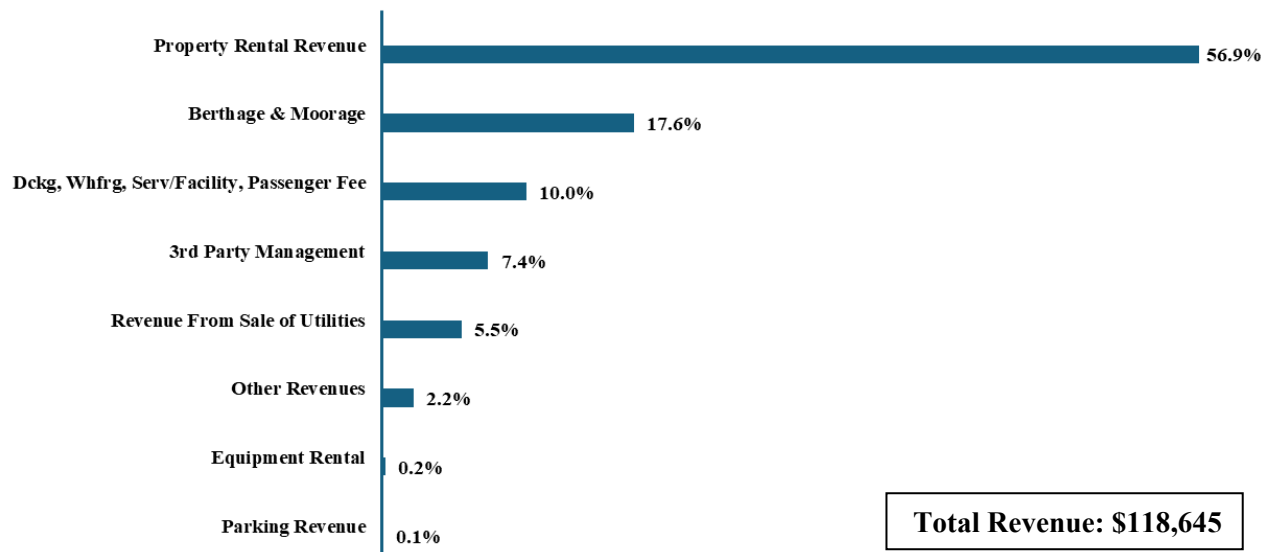
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Note:

1) Revenue does not include allocations from other divisions.

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

(\$ in 000's)



### Operating Expense Drivers

Total Maritime Division operating expenses (including direct charges and allocations from Central Services and EDD services groups) are budgeted to increase by \$1.1M or 1.3% 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 utilities and outside services expenses.

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

| (\$ in 000's)                                     |       | 2022             | 2023             | 2024             | 2025             | % Change            |
|---|-------|------------------|------------------|------------------|------------------|---------------------|
| Expense by Account                                | Notes | Actual           | Actual           | Budget           | Budget           | 2024 Bud - 2025 Bud |
| <b>Expense</b>                                    |       |                  |                  |                  |                  |                     |
| Salaries, Wage, Benefits & Worker's Compensation  |       | \$ 40,350        | \$ 47,334        | \$ 52,889        | \$ 55,907        | 5.7%                |
| Equipment Expense                                 |       | 2,296            | 2,490            | 3,114            | 3,196            | 2.6%                |
| 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           | 13,221           | -4.7%               |
| <b>Total O&amp;M without Environmental</b>        |       | <b>74,323</b>    | <b>84,359</b>    | <b>95,397</b>    | <b>97,168</b>    | <b>1.9%</b>         |
| Environmental Remediation Liability Expense       |       | 79               | 2,975            | -                | -                | NA                  |
| <b>Total O&amp;M with Environmental</b>           |       | <b>74,402</b>    | <b>87,334</b>    | <b>95,397</b>    | <b>97,168</b>    | <b>1.9%</b>         |
| Charges to Capital/Govt/Envrs Projects            |       | (4,662)          | (5,412)          | (7,457)          | (8,090)          | 8.5%                |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>  |       | <b>\$ 69,739</b> | <b>\$ 81,922</b> | <b>\$ 87,939</b> | <b>\$ 89,078</b> | <b>1.3%</b>         |
| DRS Pension Credit                                |       | (2,065)          | (2,569)          | -                | -                | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b> | 1)    | <b>\$ 67,674</b> | <b>\$ 79,354</b> | <b>\$ 87,939</b> | <b>\$ 89,078</b> | <b>1.3%</b>         |

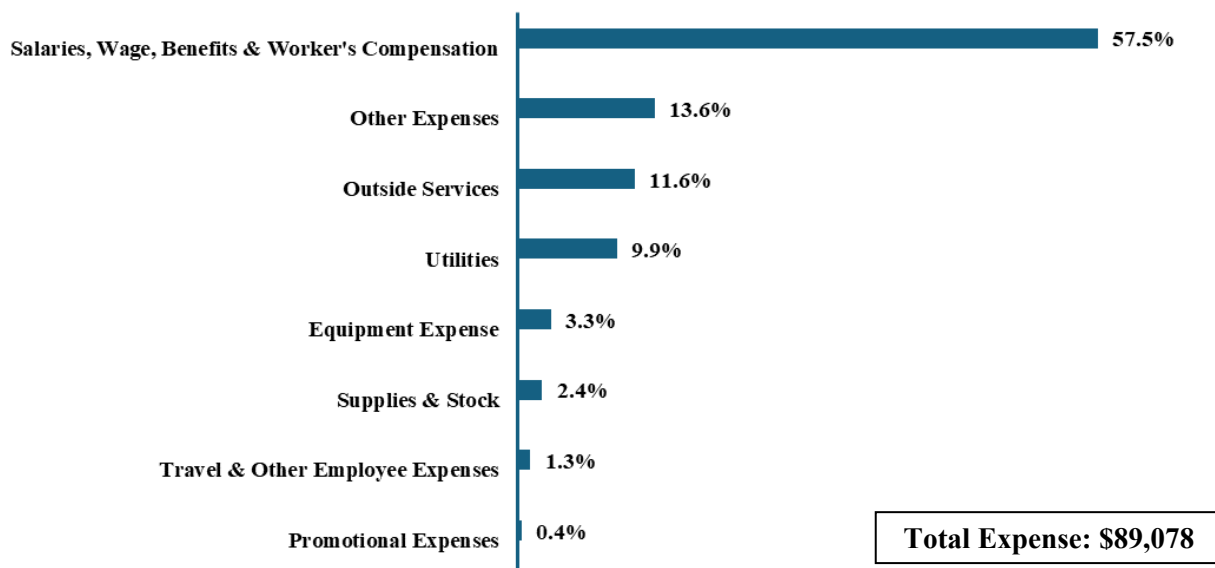
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Note:

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

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

(\$ in 000's)



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

| (\$ in 000's)   | 2022             | 2023             | 2024             | 2025             | % Change            |
|---|------------------|------------------|------------------|------------------|---------------------|
| BY BUSINESS GROUP/DEPARTMENT                                    | Actual           | Actual           | Budget           | Budget           | 2024 Bud - 2025 Bud |
| <b>REVENUE</b>  |                  |                  |                  |                  |                     |
| Bulk Terminals  | \$ 5,792         | \$ 3,356         | \$ 5,191         | \$ 5,034         | -3.0%               |
| Cruise Operations   | 30,411           | 41,678           | 41,002           | 49,977           | 21.9%               |
| 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              | -                | -                | 0.0%                |
| Marine Maintenance  | 1,149            | 1,159            | 965              | 830              | -13.9%              |
| P69 Facilities Management                                       | -                | 1                | -                | -                | 0.0%                |
| Portfolio Management  | 28,067           | 27,183           | 33,989           | 32,928           | -3.1%               |
| Recreational Boating  | 13,908           | 15,504           | 16,464           | 18,273           | 11.0%               |
| <b>Total Operating Revenue</b>                                  | <b>89,910</b>    | <b>100,492</b>   | <b>108,304</b>   | <b>118,645</b>   | <b>9.5%</b>         |
| <b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVR/PROJECTS</b>        |                  |                  |                  |                  |                     |
| <b>Business Groups:</b>   |                  |                  |                  |                  |                     |
| Bulk Terminals  | 77               | 34               | 56               | 43               | -22.7%              |
| Cruise Operations   | 4,723            | 5,665            | 6,014            | 8,124            | 35.1%               |
| Fishing & Operations  | 4,998            | 5,040            | 5,793            | 5,283            | -8.8%               |
| Portfolio Management  | 15,047           | 14,329           | 18,907           | 17,217           | -8.9%               |
| Recreational Boating  | 3,788            | 4,077            | 4,356            | 4,719            | 8.3%                |
| <b>Total Business Group Expense</b>                             | <b>28,634</b>    | <b>29,145</b>    | <b>35,126</b>    | <b>35,386</b>    | <b>0.7%</b>         |
| <b>Service Groups and Other:</b>                                |                  |                  |                  |                  |                     |
| Maritime Environment & Sustainability                           | 4,980            | 6,046            | 7,488            | 7,818            | 4.4%                |
| Maritime Finance  | 1,874            | 2,254            | 3,182            | 3,256            | 2.3%                |
| Marine Maintenance  | 25,605           | 30,246           | 31,887           | 33,051           | 3.7%                |
| Maritime Marketing  | 598              | 840              | 1,225            | 1,250            | 2.0%                |
| Maritime Security   | 2,177            | 2,413            | 2,724            | 3,247            | 19.2%               |
| P69 Facilities Management                                       | 1,438            | 1,639            | 1,815            | 1,638            | -9.8%               |
| Waterfront Project Management                                   | 4,871            | 7,357            | 9,936            | 9,114            | -8.3%               |
| Maritime Division Management                                    | 868              | 1,352            | 1,718            | 2,265            | 31.8%               |
| Maritime Envr Remediation Liability                             | 79               | 2,975            | -                | -                | 0.0%                |
| Maritime Habitat Initiatives                                    | 22               | 30               | 0                | 3                | 417.9%              |
| Parks   | 214              | 336              | 296              | 140              | -52.6%              |
| Other   | 977              | 131              | -                | -                | 0.0%                |
| <b>Total Services Expense</b>                                   | <b>43,702</b>    | <b>55,620</b>    | <b>60,271</b>    | <b>61,783</b>    | <b>2.5%</b>         |
| <b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b> | <b>72,336</b>    | <b>84,765</b>    | <b>95,397</b>    | <b>97,168</b>    | <b>1.9%</b>         |
| <b>CHARGES TO CAPITAL/GOVT/ENVR/PROJECTS</b>                    | <b>(4,662)</b>   | <b>(5,412)</b>   | <b>(7,457)</b>   | <b>(8,090)</b>   | <b>8.5%</b>         |
| <b>OPERATING &amp; MAINTENANCE EXPENSE</b>                      |                  |                  |                  |                  |                     |
| <b>Business Groups:</b>   |                  |                  |                  |                  |                     |
| Bulk Terminals  | 77               | 34               | 56               | 43               | -22.7%              |
| Cruise Operations   | 4,767            | 5,741            | 6,014            | 8,124            | 35.1%               |
| 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%                |
| <b>Total Business Group Expense</b>                             | <b>29,273</b>    | <b>29,861</b>    | <b>35,126</b>    | <b>35,386</b>    | <b>0.7%</b>         |
| <b>Service Groups and Other:</b>                                |                  |                  |                  |                  |                     |
| 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           | 31,930           | 3.7%                |
| 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            | -                | -                | 0.0%                |
| Maritime Habitat Initiatives                                    | 21               | 21               | 0                | 3                | 417.9%              |
| Parks   | 214              | 456              | 296              | 140              | -52.6%              |
| Other   | 1,436            | 348              | -                | -                | 0.0%                |
| <b>Total Services Expense</b>                                   | <b>40,466</b>    | <b>52,062</b>    | <b>52,814</b>    | <b>53,693</b>    | <b>1.7%</b>         |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>                | <b>69,739</b>    | <b>81,922</b>    | <b>87,939</b>    | <b>89,078</b>    | <b>1.3%</b>         |
| DRS Pension Credit  | (2,065)          | (2,569)          | -                | -                | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b>               | <b>\$ 67,674</b> | <b>\$ 79,354</b> | <b>\$ 87,939</b> | <b>\$ 89,078</b> | <b>1.3%</b>         |

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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<br>(Full-Time Equivalent Positions) |       |        |        |        |           |        |                       |                                 |
|--|-------|--------|--------|--------|-----------|--------|-----------------------|---------------------------------|
|  |       | 2022   | 2023   | 2024   | 2024      | 2025   | # Change              | %                               |
| BUSINESS GROUP/DEPARTMENT                    | Notes | Actual | Actual | Budget | Est. Act. | Budget | 2024 Bud-<br>2025 Bud | Change<br>2024 Bud-<br>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

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. In 2025, a Sr Planner Resiliency will be added.
- 4) Maritime Environment & Sustainability added 4.0 FTEs (Env Management Specialist – Remediation, Env Program Manager – Building Audits, Env Program Manager – Maritime Decarbonization, Contract Specialist) and transferred 1.0 FTE (Senior Planner) to Maritime Division Management in 2023. 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**

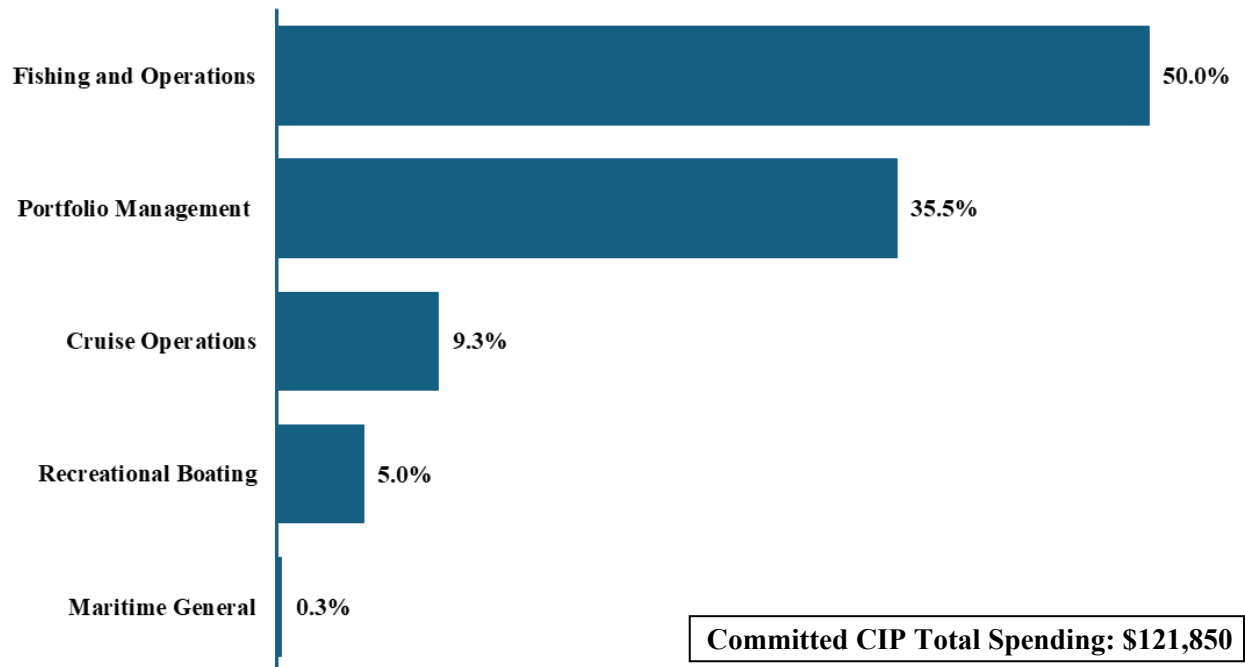
**TABLE V-8: MARITIME CAPITAL BUDGET SUMMARY**

| (\$ in 000's)                             | 2025<br>Budget     | 2025-2029<br>CIP  | % of 2025 Total<br>Committed |
|---|--------------------|-------------------|------------------------------|
| <b>Committed Capital Projects</b>         |                    |                   |                              |
| 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%                         |
| <b>Total Committed</b>                    | <b>\$ 121,850</b>  | <b>\$ 255,838</b> | <b>100.0%</b>                |
| <b>Business Plan Prospective Projects</b> | <b>\$ 42,024</b>   | <b>\$ 349,805</b> |                              |
| <b>CIP Cashflow Adjustment Reserve</b>    | <b>\$ (32,175)</b> | <b>\$ 0</b>       |                              |
| <b>Total CIP</b>                          | <b>\$ 131,699</b>  | <b>\$ 605,643</b> |                              |

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

(\$ in 000's)



**G. MARITIME DIVISION OPERATING STATISTICS**

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

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

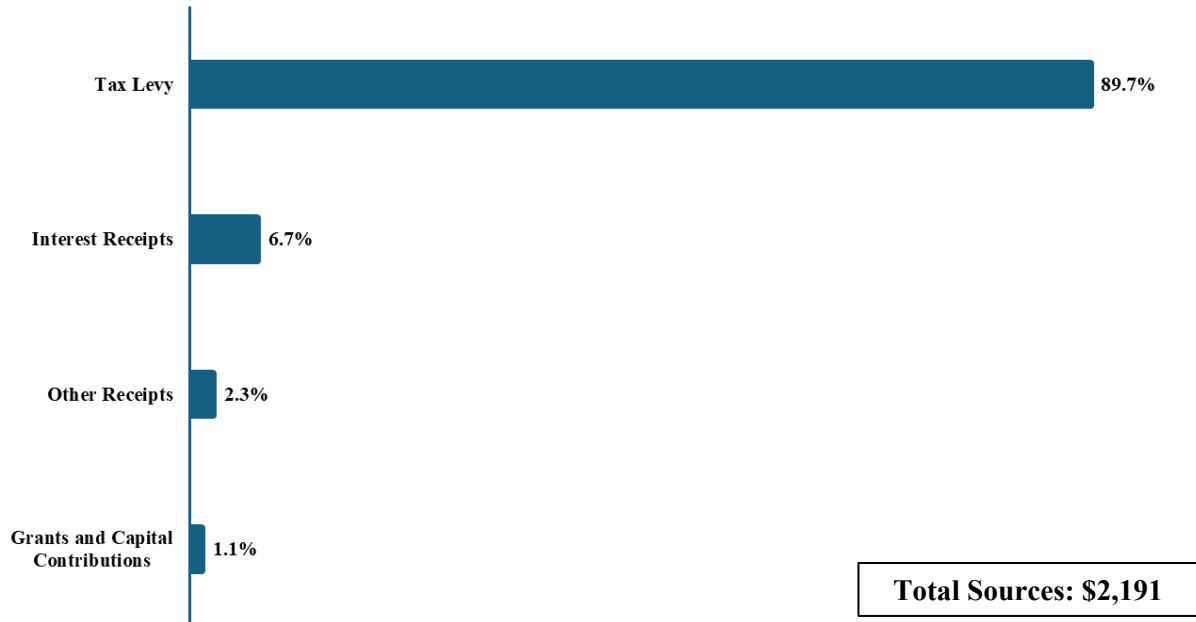
### **A. 2025 BUDGET SUMMARY**

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

| (\$ in 000's)                    | <b><u>2025</u></b> | <b><u>Percent<br/>of Total</u></b> |
|----------------------------------|--------------------|------------------------------------|
| <b><u>SOURCES OF CASH</u></b>    |                    |                                    |
| Operating Revenues               | 3                  | 0.1%                               |
| Interest Receipts                | 147                | 6.7%                               |
| Proceeds from Bond Issues        | -                  | 0.0%                               |
| Grants and Capital Contributions | 25                 | 1.1%                               |
| Tax Levy                         | 1,966              | 89.7%                              |
| Other Receipts                   | 50                 | 2.3%                               |
| <b>Total</b>                     | <b>2,191</b>       | <b>100%</b>                        |
| <b><u>USES OF CASH</u></b>       |                    |                                    |
| <b>Expenses from Operations:</b> |                    |                                    |
| Total Operating Expenses         | 3,890              | 97.8%                              |
| Other Expenses                   | 87                 | 2.2%                               |
| <b>Total</b>                     | <b>3,977</b>       | <b>100%</b>                        |

CASHFLW.xlsx

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



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



## B. FINANCIAL FORECAST

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

| (\$ in 000's)  | 2022           | 2023           | 2024           | 2025           | 2026           | 2027           | 2028           | 2029           | 2025 - 2029     |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
|  | Actual         | Actual         | Budget         | Budget         | Forecast       |                |                |                | Compound Growth |
| <b>OPERATING BUDGET</b> Notes                        |                |                |                |                |                |                |                |                |                 |
| Operating Revenue                                    | \$ 69          | (24)           | \$ 3           | \$ 3           | \$ 3           | \$ 3           | \$ 3           | \$ 3           | 0.0%            |
| <b>Total Operating Revenues</b>                      | <b>69</b>      | <b>(24)</b>    | <b>3</b>       | <b>3</b>       | <b>3</b>       | <b>3</b>       | <b>3</b>       | <b>3</b>       | <b>0.0%</b>     |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>     | <b>2,102</b>   | <b>3,351</b>   | <b>3,087</b>   | <b>3,890</b>   | <b>4,097</b>   | <b>4,261</b>   | <b>4,388</b>   | <b>4,520</b>   | <b>3.8%</b>     |
| DRS Pension Credit                                   | (464)          | (967)          | -              | -              | -              | -              | -              | -              | NA              |
| <b>Total O&amp;M Expenses with Pension Credit</b>    | <b>1,638</b>   | <b>2,385</b>   | <b>3,087</b>   | <b>3,890</b>   | <b>4,097</b>   | <b>4,261</b>   | <b>4,388</b>   | <b>4,520</b>   | <b>3.8%</b>     |
| <b>NOI Before Depreciation (with Pension Credit)</b> | <b>(1,569)</b> | <b>(2,408)</b> | <b>(3,084)</b> | <b>(3,887)</b> | <b>(4,094)</b> | <b>(4,258)</b> | <b>(4,385)</b> | <b>(4,517)</b> | <b>3.8%</b>     |
| Total Depreciation Expense                           | 11             | 12             | 10             | 11             |                |                |                |                | -100.0%         |
| <b>NOI After Depreciation (with Pension Credit)</b>  | <b>(1,580)</b> | <b>(2,420)</b> | <b>(3,094)</b> | <b>(3,898)</b> | <b>(4,094)</b> | <b>(4,258)</b> | <b>(4,385)</b> | <b>(4,517)</b> | <b>3.8%</b>     |

EDBPFOR.xsb

## 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 assess WMBE utilization and to comply with federal rules and regulations for DBE program.
- Establish new utilization goals for Diversity in Contracting program and establish Portwide goals for Veteran Owned Business and LGTBQ+ business utilization.

**Tourism**

- 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.

**Economic Development Partnership Program**

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

### Maritime Innovation Initiatives

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

### Port Innovation Initiatives

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

## **BUSINESS ASSESSMENT:**

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

#### **National**

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 warehouseers 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 marketplace that is giving back space that is older and larger.

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

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

For 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, Japan, and 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 for cities to launch 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 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. Everyday challenges still persist for small businesses.

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)   |       | 2022            | 2023            | 2024            | 2025            | % Change            |
|---|-------|-----------------|-----------------|-----------------|-----------------|---------------------|
| BY ACCOUNT  | Notes | Actual          | Actual          | Budget          | Budget          | 2024 Bud - 2025 Bud |
| <b>Total Operating Revenue</b>  |       | \$ 4            | \$ 17           | \$ 3            | \$ 3            | 0.0%                |
| <b>Expense</b>  |       |                 |                 |                 |                 |                     |
| 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%               |
| <b>Total O&amp;M Expenses Before Charges to Cap/Govt/Envrs Projects</b> |       | <b>5,104</b>    | <b>7,618</b>    | <b>7,973</b>    | <b>9,140</b>    | <b>14.6%</b>        |
| Charges to Capital/Govt/Envrs Projects                                  |       | 80              | -               | -               | -               | NA                  |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>                        |       | <b>\$ 5,184</b> | <b>\$ 7,618</b> | <b>\$ 7,973</b> | <b>\$ 9,140</b> | <b>14.6%</b>        |
| DRS Pension Credit  |       | (203)           | (285)           | -               | -               | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b>                       | 1)    | <b>\$ 4,981</b> | <b>\$ 7,333</b> | <b>\$ 7,973</b> | <b>\$ 9,140</b> | <b>14.6%</b>        |

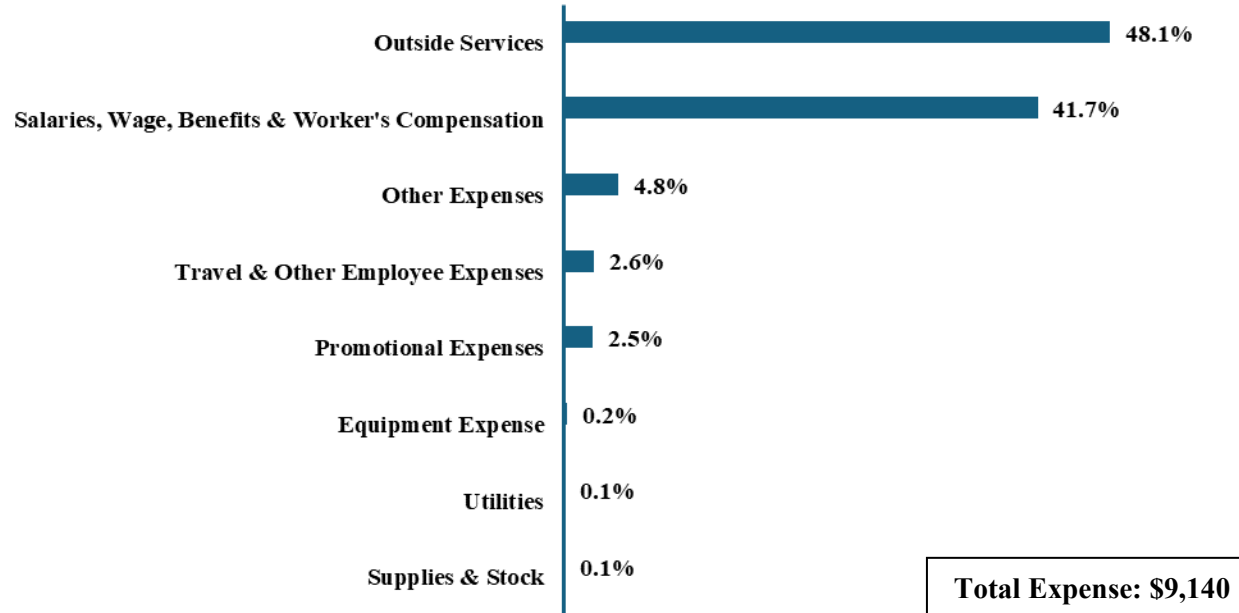
EDBUD.xlsx

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)   |         | 2022            | 2023            | 2024            | 2025            | % Change            |
|---|---------|-----------------|-----------------|-----------------|-----------------|---------------------|
|   | Notes   | Actual          | Actual          | Budget          | Budget          | 2024 Bud - 2025 Bud |
| <b>BY DEPARTMENT</b>  |         |                 |                 |                 |                 |                     |
| <b>REVENUE</b>  |         |                 |                 |                 |                 |                     |
| Economic Development Management                                 |         | \$ 4            | \$ 17           | \$ 3            | \$ 3            | 0.0%                |
| <b>Total Operating Revenue</b>                                  |         | <b>4</b>        | <b>17</b>       | <b>3</b>        | <b>3</b>        | <b>0.0%</b>         |
| <b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS/PROJECTS</b>       |         |                 |                 |                 |                 |                     |
| <b>Business Groups:</b>   |         |                 |                 |                 |                 |                     |
| Real Estate Dev & Planning                                      |         | 629             | 869             | 1,100           | 1,586           | 44.2%               |
| <b>Total Business Group Expense</b>                             |         | <b>629</b>      | <b>869</b>      | <b>1,100</b>    | <b>1,586</b>    | <b>44.2%</b>        |
| <b>Service Groups and Other::</b>                               |         |                 |                 |                 |                 |                     |
| 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%                  |
| <b>Total Services Expense</b>                                   |         | <b>4,271</b>    | <b>6,465</b>    | <b>6,872</b>    | <b>7,553</b>    | <b>9.9%</b>         |
| <b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b> | 1) & 2) | <b>4,901</b>    | <b>7,333</b>    | <b>7,973</b>    | <b>9,140</b>    | <b>14.6%</b>        |
| <b>CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS</b>                   |         |                 |                 |                 |                 |                     |
|   |         | <b>80</b>       | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>0.0%</b>         |
| <b>OPERATING &amp; MAINTENANCE EXPENSE</b>                      |         |                 |                 |                 |                 |                     |
| <b>Business Groups:</b>   |         |                 |                 |                 |                 |                     |
| Real Estate Dev & Planning                                      |         | 674             | 919             | 1,100           | 1,586           | 44.2%               |
| <b>Total Business Group Expense</b>                             |         | <b>674</b>      | <b>919</b>      | <b>1,100</b>    | <b>1,586</b>    | <b>44.2%</b>        |
| <b>Service Groups and Other::</b>                               |         |                 |                 |                 |                 |                     |
| 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%                |
| <b>Total Services Expense</b>                                   |         | <b>4,510</b>    | <b>6,699</b>    | <b>6,872</b>    | <b>7,553</b>    | <b>9.9%</b>         |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>                | 3)      | <b>5,184</b>    | <b>7,618</b>    | <b>7,973</b>    | <b>9,140</b>    | <b>14.6%</b>        |
| DRS Pension Credit  |         | (203)           | (285)           | -               | -               | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b>               |         | <b>\$ 4,981</b> | <b>\$ 7,333</b> | <b>\$ 7,973</b> | <b>\$ 9,140</b> | <b>14.6%</b>        |

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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 due to reorg between Maritime and EDD. The following table outlines the Full-Time Equivalents (FTEs) in the Economic Development Division.

**TABLE VI-5: ECONOMIC DEVELOPMENT STAFFING**

| STAFFING<br>(Full-Time Equivalent Positions) |       |        |        |        |           |        |                       |                       |
|--|-------|--------|--------|--------|-----------|--------|-----------------------|-----------------------|
|  |       | 2022   | 2023   | 2024   | 2024      | 2025   | # Change              | % Change              |
| BY DEPARTMENT                                | Notes | Actual | Actual | Budget | Est. Act. | Budget | 2023 Bud-<br>2024 Bud | 2023 Bud-<br>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   | 13.0   | 0.0       | 0.0    | -13.0                 | -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                     | 4     | 7.0    | 8.0    | 9.0    | 9.0       | 9.0    | 0.0                   | NA                    |
| Tourism                                      |       | 3.0    | 3.0    | 3.0    | 3.0       | 3.0    | 0.0                   | NA                    |
| TOTAL ECONOMIC<br>DEVELOPMENT DIVISION       |       | 35.0   | 37.0   | 37.0   | 18.0      | 18.0   | -19.0                 | -51.4%                |
| FTE.XLS                                      |       |        |        |        |           |        |                       |                       |

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 mid-year 2024. In early 2024, a Real Estate Analyst was transferred to Diversity Contracting (within the division).
- 3) P69 Facilities Management with 5.0 FTEs were transferred to Maritime Division.
- 4) Diversity in Contracting added a Contracting Coordinator in 2023 and an Ombudsperson in 2024 (transferred from within the division).

## VII. CENTRAL SERVICES

## CENTRAL SERVICES

### A. 2025 BUDGET SUMMARY

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

| (\$ in 000's)   | 2022                | 2023                | 2024                | 2025                | Change                 | % Change               |
|---|---------------------|---------------------|---------------------|---------------------|------------------------|------------------------|
|   | Actual              | Actual              | Budget              | Budget              | 2024 Bud -<br>2025 Bud | 2024 Bud -<br>2025 Bud |
| <b>OPERATING RESULTS</b>                                    |                     |                     |                     |                     |                        |                        |
| <b>Total Operating Revenue</b>                              | \$ 2,538            | \$ (216)            | \$ 163              | \$ 183              | \$ 20                  | 12.1%                  |
| Central Services  | 141,583             | 166,632             | 180,967             | 195,910             | 14,943                 | 8.3%                   |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>            | <b>141,583</b>      | <b>166,632</b>      | <b>180,967</b>      | <b>195,910</b>      | <b>14,943</b>          | <b>8.3%</b>            |
| DRS Pension Credit  | (6,666)             | (14,479)            | -                   | -                   | -                      | NA                     |
| <b>Total O&amp;M Expenses with Pension Credit</b>           | <b>134,917</b>      | <b>152,153</b>      | <b>180,967</b>      | <b>195,910</b>      | <b>14,943</b>          | <b>8.3%</b>            |
| <b>Excess of Revenue over Expense (with Pension Credit)</b> | <b>\$ (132,379)</b> | <b>\$ (152,369)</b> | <b>\$ (180,803)</b> | <b>\$ (195,727)</b> | <b>\$ (14,923)</b>     | <b>8.3%</b>            |
| Committed Capital Budget                                    | \$ 6,276            | \$ 7,743            | \$ 16,308           | \$ 18,332           | \$ 2,024               | 12.4%                  |
| Business Plan Prospective                                   | -                   | 507                 | 7,820               | 21,154              | 13,334                 | 170.5%                 |
| CIP Cashflow Adjustment Revenue                             | -                   | -                   | (6,200)             | (8,200)             | (2,000)                | 32.3%                  |
| <b>Total Capital Budget</b>                                 | <b>\$ 6,276</b>     | <b>\$ 8,250</b>     | <b>\$ 17,928</b>    | <b>\$ 31,286</b>    | <b>\$ 13,358</b>       | <b>74.5%</b>           |
| <b>Employment (Total FTEs)</b>                              | <b>902.1</b>        | <b>929.7</b>        | <b>945.8</b>        | <b>976.8</b>        | <b>31.0</b>            | <b>3.3%</b>            |

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### B. CENTRAL SERVICES DESCRIPTION

#### MISSION:

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

#### MAJOR AND NEW INITIATIVES:

- 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 through Commission actions. Commission requests must meet high standards of accuracy and transparency to gain approval, and they serve as important vehicles for communication to the public.

#### **LEGAL:**

Legal is comprised of Attorney Services and Records Management.

#### **ATTORNEY SERVICES:**

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

#### **RECORDS MANAGEMENT:**

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

**PUBLIC DISCLOSURE:**

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

**EXTERNAL RELATIONS:**

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

**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 the 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 INTELEGENGE:**

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 contractors safety plans, incidents corrective actions.
- Provide Construction Safety and Engineering Dept. Safety data management and documentation.

ENGINEERING BUSINESS OPERATIONS AND ADMINISTRATION:

- Establish and manage operations of remote office facilities to support project requirements.
- Manage Engineering assets and fleet in support of project delivery.

- Provide Emergency Response and Declaration of Emergency Support.
- Provide administrative services to include payroll, payments/procurement, onboarding, travel.

**PORT CONSTRUCTION SERVICES:**

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

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

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

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

**CONSTRUCTION CREW SUPPORT:**

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

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

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

**EMERGENCY RESPONSE:**

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

## **D. OPERATING BUDGET SUMMARY**

### **Background:**

Central Services departments are the primary supporters of the Port business units. Growing organizational needs, Century Agenda, Portwide goals, and division priorities drive the budget priorities of Central Services departments. The 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 \$195.9M, \$14.9M or 8.3% higher than the 2024 budget. The budget before Capital Charges is \$245.5M, a \$18.1M or 7.9% 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 \$2.6M 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    |
|---|--|------------------|
| <b>Implement and support Century Agenda (CA) Goals</b>  | 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; Strategic Communications & Outreach for Fishermen's Terminal Capital Programs; State & Federal Grantwriting Services to enhance funding for Port infrastructure, sustainability, workforce development, economic development, & environmental justice work  | 195,000          |
|   | <b>Subtotal</b>  | <b>1,391,349</b> |
| <b>Safety &amp; Security</b>  | 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 enforcement 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 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          |
|   | <b>Subtotal</b>  | <b>2,451,994</b> |
| <b>Advance work on regional economic priorities and enhance engagement with surrounding communities</b> | 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 implementation of initiatives 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          |
|   | <b>Subtotal</b>  | <b>1,606,059</b> |
| <b>Organizational Needs and Division Priorities</b>   | 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 management 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          |
|   | <b>Subtotal</b>  | <b>1,852,876</b> |
| <b>Grand Total</b>  |  | <b>7,302,277</b> |

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

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

| (\$ in 000's)   |       | 2022              | 2023              | 2024              | 2025              | % Change            |
|---|-------|-------------------|-------------------|-------------------|-------------------|---------------------|
| BY ACCOUNT  | Notes | Actual            | Actual            | Budget            | Budget            | 2024 Bud - 2025 Bud |
| <b>Total Operating Revenue</b>  |       | \$ 2,538          | \$ (216)          | \$ 163            | \$ 183            | 12.1%               |
| <b>Expense</b>  |       |                   |                   |                   |                   |                     |
| 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             | 8,493             | 14.7%               |
| <b>Total O&amp;M Expenses Before Charges to Cap/Govt/Envrs Projects</b> |       | <b>172,375</b>    | <b>205,657</b>    | <b>227,471</b>    | <b>245,540</b>    | <b>7.9%</b>         |
| Charges to Capital/Govt/Envrs Projects                                  |       | (30,793)          | (39,025)          | (46,504)          | (49,630)          | 6.7%                |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>                        | 1)    | <b>\$ 141,583</b> | <b>\$ 166,632</b> | <b>\$ 180,967</b> | <b>\$ 195,910</b> | <b>8.3%</b>         |
| DRS Pension True-Up   |       | (6,666)           | (14,479)          | 0                 | 0                 | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b>                       |       | <b>\$ 134,917</b> | <b>\$ 152,153</b> | <b>\$ 180,967</b> | <b>\$ 195,910</b> | <b>8.3%</b>         |

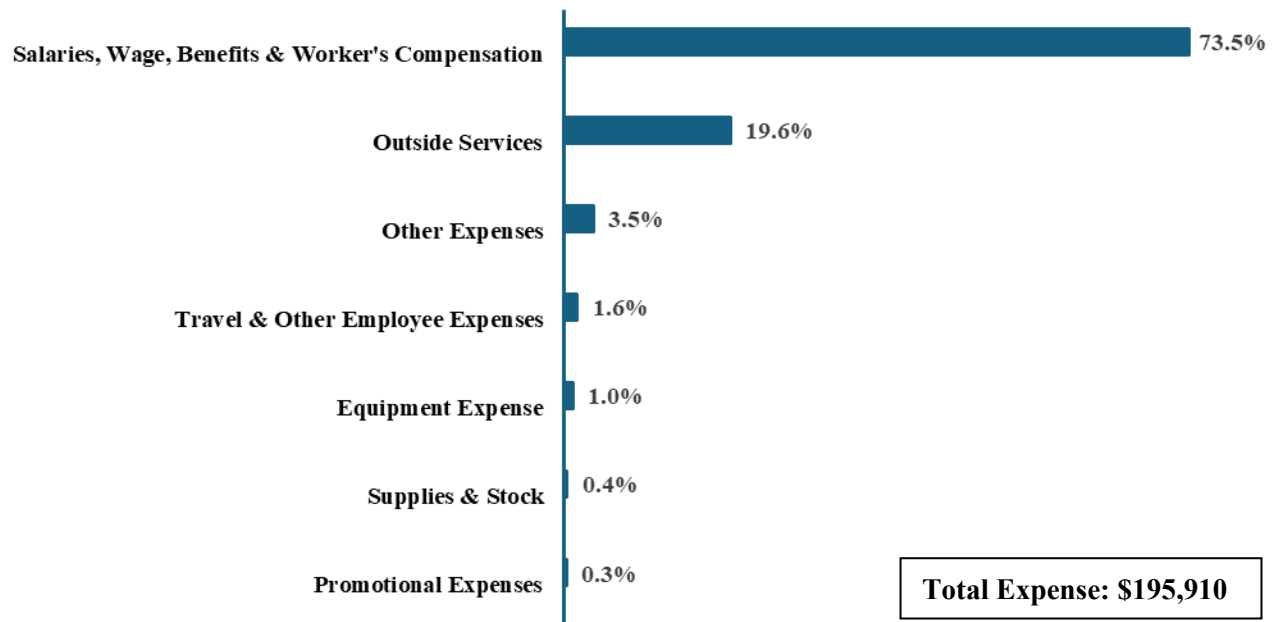
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Note:

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

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

(\$ in 000's)



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

| (\$ in 000's)   |         | 2022              | 2023              | 2024              | 2025              | % Change            |
|---|---------|-------------------|-------------------|-------------------|-------------------|---------------------|
| BY DEPARTMENT   | Notes   | Actual            | Actual            | Budget            | Budget            | 2024 Bud - 2025 Bud |
| <b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS PROJECTS</b>       |         |                   |                   |                   |                   |                     |
| 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            | 12,922            | 3.7%                |
| Engineering   |         | 25,401            | 33,099            | 44,286            | 51,129            | 15.5%               |
| 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                                 |         | 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            | 12,967            | -2.2%               |
| Risk Services   |         | 5,078             | 5,756             | 6,877             | 8,016             | 16.6%               |
| Contingency   | 1)      | (268)             | (251)             | (4,990)           | (2,655)           | -46.8%              |
| Industrial Development Corp                                     |         | -                 | 1                 | -                 | -                 | NA                  |
| <b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b> | 2) & 3) | <b>165,710</b>    | <b>191,178</b>    | <b>227,471</b>    | <b>245,540</b>    | <b>7.9%</b>         |
| <b>CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS</b>                   |         |                   |                   |                   |                   |                     |
|   |         | <b>(30,793)</b>   | <b>(39,025)</b>   | <b>(46,504)</b>   | <b>(49,630)</b>   | <b>6.7%</b>         |
| <b>OPERATING &amp; MAINTENANCE EXPENSE</b>                      |         |                   |                   |                   |                   |                     |
| 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             | 9,165             | 1.6%                |
| Engineering   |         | 6,654             | 8,254             | 11,739            | 15,131            | 28.9%               |
| 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             | 7,777             | 0.4%                |
| 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                  |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>                | 4)      | <b>141,583</b>    | <b>166,632</b>    | <b>180,967</b>    | <b>195,910</b>    | <b>8.3%</b>         |
| DRS Pension Credit  |         | (6,666)           | (14,479)          | -                 | -                 | NA                  |
| <b>Total O&amp;M Expenses with Pension Credit</b>               |         | <b>\$ 134,917</b> | <b>\$ 152,153</b> | <b>\$ 180,967</b> | <b>\$ 195,910</b> | <b>8.3%</b>         |

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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 ends in 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 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 FTE Budget is 976.8 FTEs, a 3.3% increase from 2024 Budget.

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

| STAFFING<br>(Full-Time Equivalent Positions)     |       |        |        |        |           |        |                       |                       |
|--|-------|--------|--------|--------|-----------|--------|-----------------------|-----------------------|
|  |       | 2022   | 2023   | 2024   | 2024      | 2025   | # Change              | % Change              |
| BY DEPARTMENT                                    | Notes | Actual | Actual | Budget | Est. Act. | Budget | 2024 Bud-<br>2025 Bud | 2024 Bud-<br>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%                  |

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Notes:

- 1) External Relations (ER) added 1.0 FTE Sr. Manager, Tribal Relations, an 0.8 mid-year Part-time Limited Duration Community Hub Building Coordinator and transferred a 1.0 FTE (Department Contract Specialist) to Aviation in 2023. In 2024, 1.0 FTE (Program Specialist, Community Impact Programs) was added, and 1.0 (Intl Protocol Spec) mid-year FTE 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) in 2023; 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), eliminated 3.0 Frozen FTEs (Lead Software Developer, Web Coordinator, Senior Windows Server Engineer), and converted a Part-Time (0.8) to a Full-Time 1.0 FTE (GIS Analyst) in 2023. 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 \$31.3M 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<br>Budget    | 2025-2029<br>CIP | % of 2025 Total<br>Committed |
|---|-------------------|------------------|------------------------------|
| <b>Committed Capital Projects</b>         |                   |                  |                              |
| ICT Business Services                     | \$ 13,908         | \$ 15,538        | 75.9%                        |
| General and Capital Development           | 4,424             | 11,424           | 24.1%                        |
| <b>Total Committed</b>                    | <b>\$ 18,332</b>  | <b>\$ 26,962</b> | <b>100.0%</b>                |
| <b>Business Plan Prospective Projects</b> | <b>\$ 21,154</b>  | <b>\$ 44,494</b> |                              |
| <b>CIP Cashflow Adjustment Reserve</b>    | <b>\$ (8,200)</b> | <b>\$ -</b>      |                              |
| <b>Total CIP</b>                          | <b>\$ 31,286</b>  | <b>\$ 71,456</b> |                              |

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## G. FINANCIAL AND FTE SUMMARY

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

| (\$ in 000's)                                     | 2022<br>Actual      | 2023<br>Actual      | 2024<br>Budget      | 2024<br>Forecast    | 2025<br>Budget      | % Change<br>2024 Bud -<br>2025 Bud |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|
| <b>OPERATING BUDGET</b> Notes                     |                     |                     |                     |                     |                     |                                    |
| <b>Total Operating Revenue</b>                    | \$ 2,538            | \$ (216)            | \$ 163              | \$ 251              | \$ 183              | 12.1%                              |
| Core Central Services                             | 97,503              | 111,368             | 120,940             | 127,188             | 127,143             | 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              | 15,131              | 28.9%                              |
| Port Construction Services                        | 3,939               | 5,987               | 7,749               | 5,960               | 7,777               | 0.4%                               |
| <b>Total O&amp;M Expenses w/o Pension Credit</b>  | <b>141,583</b>      | <b>166,632</b>      | <b>180,967</b>      | <b>185,965</b>      | <b>195,910</b>      | <b>8.3%</b>                        |
| DRS Pension Credit                                | (6,666)             | (14,479)            | -                   | -                   | -                   | NA                                 |
| <b>Total O&amp;M Expenses with Pension Credit</b> | <b>134,917</b>      | <b>152,153</b>      | <b>180,967</b>      | <b>185,965</b>      | <b>195,910</b>      | <b>8.3%</b>                        |
| <b>Net Operating Income (with Pension Credit)</b> | <b>\$ (132,379)</b> | <b>\$ (152,369)</b> | <b>\$ (180,803)</b> | <b>\$ (185,714)</b> | <b>\$ (195,727)</b> | <b>8.3%</b>                        |
| <b>Capital Spending</b>                           | <b>\$ 6,276</b>     | <b>\$ 8,250</b>     | <b>\$ 17,928</b>    | <b>\$ 13,185</b>    | <b>\$ 31,286</b>    | <b>74.5%</b>                       |
| <b>Total FTEs</b>                                 | <b>902.1</b>        | <b>929.7</b>        | <b>945.8</b>        | <b>946.8</b>        | <b>976.8</b>        | <b>3.3%</b>                        |

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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 levy is \$88.4M, a 2.0 percent increase over the 2024 levy of \$86.7M.
- The estimated 2025 millage rate is \$0.103.
- Planned levy uses in 2025 include:
  - Limited Tax 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 Office of Equity, Diversity and Inclusion and high school internship program.

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

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

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

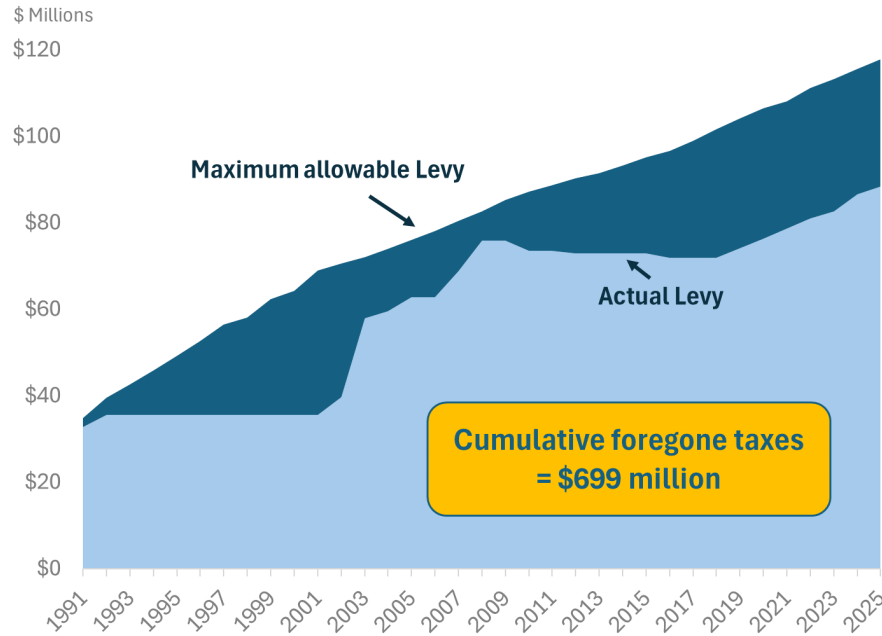
The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation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

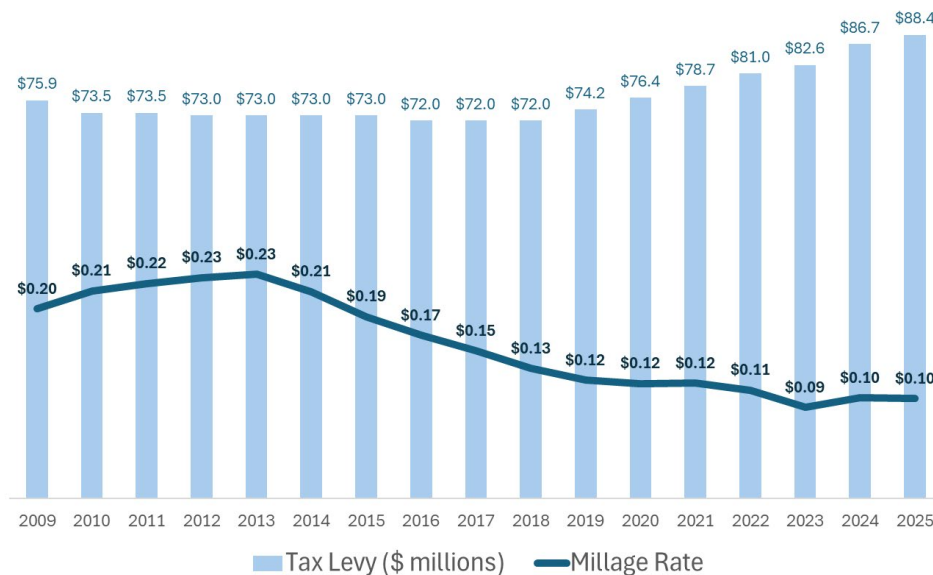
Washington State ports are permitted to levy up to \$0.45 per \$1,000 of Assessed Valuation for general port purposes under Washington State law in Revised Code of Washington (“RCW”) Chapter 53.36. The levy may go beyond the \$0.45 limit to provide for G.O. Bond debt service. However, the rate may be 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 \$2.4B over the twenty-year period, with the collection period beginning no sooner than 2026.

### **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 levy is \$88.4M levy, a 2.0% increase from the \$86.7M levy in 2024. This 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 directly fund an estimated \$21.9M of capital improvements in 2025, along with additional proceeds from previously issued G.O. bonds. Projects will include 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 \$17.7M.

- 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 2024, the Commission authorized the continuation of the South King County Community Impact Fund for the next five years (2025-2029) with the ability to contract up to an additional \$14M. For 2025 the Port expects to spend \$2.2M of the 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 Maritime Youth 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, a contribution to Friends of the Waterfront and an investment in Gateway Park North.



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**

|  | <b>2025</b><br><b>(\$ in 000's)</b> |
|--|-------------------------------------|
| <b><u>SOURCES</u></b>                                    |                                     |
| Prior Year Tax Levy Fund Balance                         | \$ 36,000                           |
| Projected Tax Levy Collection                            | 88,390                              |
| Total Projected Sources                                  | 124,390                             |
| <b><u>USES</u></b>                                       |                                     |
| G.O. Bonds Debt Service - Existing                       | 45,544                              |
| Capital Expenditures                                     | 21,869                              |
| Contribution to Environmental Legacy Fund (ELF)          | 32,000                              |
| <i>Other Expenditures:</i>                               |                                     |
| Public Expense - Gateway Park North                      | 515                                 |
| Sound Insulation Repair and Replacement                  | 4,000                               |
| Environmental Grants (ACE)                               | 40                                  |
| Workforce Development & Economic Development Programs    | 3,762                               |
| Economic Development Partnership Programs                | 950                                 |
| Duwamish Valley Community Equity Program and FTE support | 778                                 |
| 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 Waterfront contribution                   | 750                                 |
| City of SeaTac Safety Enhancements                       | 1,400                               |
| Total Projected Other Expenditures                       | 17,700                              |
| Total Projected Uses                                     | 117,113                             |
| Projected Ending Tax Levy Fund Balance                   | \$ 7,276                            |

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 2024 G.O.'s, as well as the previous issuance, the 2022 G.O.'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 Maritime and NWSA capital projects within the North Harbor including the Terminal 91 berth redevelopment project. Prior to that, the 2017 G.O. 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**

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

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 \$30M 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 \$32M in 2025. As of December 31, 2023, the Port currently had recognized approximately \$113M 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     | 12,569    |
| Ending ELF Balance                                 |       | \$ 47,716 |

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**

|  |                           |
|--|---------------------------|
| <b>Value of Taxable Property <sup>(1)</sup></b>                                    | <b>\$ 857,405,377,651</b> |
| 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                 | -                         |
| <b>Remaining Capacity of Non-Voted General Obligation Debt</b>                     | <b>\$ 1,698,048,444</b>   |
| 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                 | -                         |
| <b>Remaining Capacity of Total General Obligation Debt</b>                         | <b>\$ 5,985,075,332</b>   |

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.

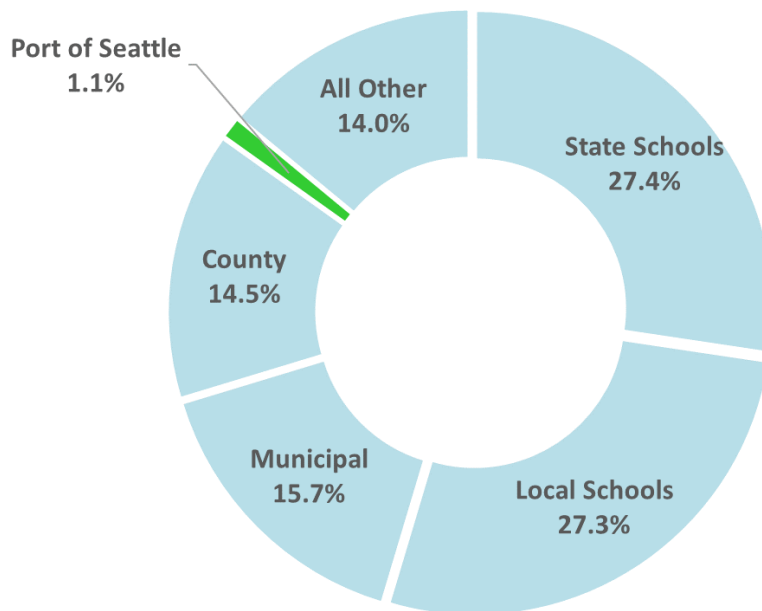
**E. TAXPAYER EFFECT**

For 2025 the levy is \$88.4M, a 2.0% 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 \$1.3B for 2025 and \$5.8B for 2025-2029. The forecasted payment to the NWSA for capital expenditures is \$75.0M for 2025 and \$210.0M for 2025-2029.



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

| (\$ in 000's)   | 2025                | 2026                | 2027                | 2028                | 2029              | Total<br>2025-2029  |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| Aviation <sup>(1)</sup>                                     | \$ 1,203,944        | \$ 1,062,624        | \$ 871,160          | \$ 876,102          | \$ 855,922        | \$ 4,869,752        |
| Maritime  | 163,874             | 208,478             | 127,096             | 73,191              | 33,004            | 605,643             |
| Central Services  | 39,486              | 9,194               | 7,750               | 7,001               | 8,025             | 71,456              |
| NWSA Joint Venture <sup>(2)</sup>                           | 1,933               | 1,200               | 8,500               | 21,000              | 5,251             | 37,884              |
| Stormwater Utility <sup>(1)</sup>                           | 1,373               | 2,350               | 500                 | 1,575               | 1,250             | 7,048               |
| CIP Cashflow Adjustment Reserve                             | (207,330)           | 1,308               | 161,962             | 42,360              | 1,700             | (0)                 |
| <b>Subtotal - Port CIP</b>                                  | <b>\$ 1,203,280</b> | <b>\$ 1,285,154</b> | <b>\$ 1,176,968</b> | <b>\$ 1,021,229</b> | <b>\$ 905,152</b> | <b>\$ 5,591,783</b> |
| Payment to the NWSA for Capital Expenditures <sup>(3)</sup> | 75,039              | 64,598              | 47,689              | 19,453              | 3,210             | 209,988             |
| <b>Total Port and 50% NWSA CIP</b>                          | <b>\$ 1,278,319</b> | <b>\$ 1,349,752</b> | <b>\$ 1,224,657</b> | <b>\$ 1,040,681</b> | <b>\$ 908,361</b> | <b>\$ 5,801,771</b> |

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Notes:

- 1) Deferrals may be needed.
- 2) Includes North Harbor (Seattle) channel deepening and other 100% Port legacy costs.
- 3) 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 \$1.0B for 2025 and \$4.9B for 2025-2029.

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

| (\$ in 000's)  | 2025                | 2026                | 2027              | 2028              | 2029              | Total<br>2025-2029  |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Committed Projects</b>                                |                     |                     |                   |                   |                   |                     |
| Terminal and Tenants                                     | \$ 648,056          | \$ 583,892          | \$ 399,005        | \$ 322,654        | \$ 344,167        | \$ 2,297,774        |
| Infrastructure   | 106,074             | 147,806             | 98,200            | 41,931            | 482               | 394,494             |
| 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                                   | 19,810              | 10,671              | 2,557             | 0                 | 0                 | 33,039              |
| 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 <sup>(1)</sup>           | 717                 | 0                   | 0                 | 0                 | 0                 | 717                 |
| <b>Subtotal - Aviation Committed CIP</b>                 | <b>\$ 1,008,632</b> | <b>\$ 851,488</b>   | <b>\$ 532,822</b> | <b>\$ 376,927</b> | <b>\$ 357,935</b> | <b>\$ 3,127,803</b> |
| <b>Business Plan Prospective Projects <sup>(1)</sup></b> | 195,313             | 211,136             | 338,338           | 499,176           | 497,987           | 1,741,949           |
| <b>CIP Cashflow Adjustment Reserve <sup>(2)</sup></b>    | (166,955)           | 66,782              | 100,173           | 0                 | 0                 | 0                   |
| <b>Total Aviation CIP <sup>(3)</sup></b>                 | <b>\$ 1,036,989</b> | <b>\$ 1,129,406</b> | <b>\$ 971,333</b> | <b>\$ 876,102</b> | <b>\$ 855,922</b> | <b>\$ 4,869,752</b> |

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Notes:

- 1) \$716.5K of Sustainable Airport Master Plan (SAMP) near-term planning project costs are included in 2025-2029 Committed Projects; \$245.5M 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.
- 3) Approximately \$270M of the Airport CIP may need to be deferred.

**Major 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 \$245.5M 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.

Property Acquisition: Acquire International Place (also known as "SeaTac Office Center" (STOC)) for an estimated \$122M in 2025. Property includes three office buildings totaling 548,700 square feet, located across from the Airport and the assumption of the ground lease of the underlying property.

Also included is a 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 \$131.7M for 2025 and \$605.6M for 2025-2029.

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

| (\$ in 000's)  | <u>2025</u>       | <u>2026</u>       | <u>2027</u>       | <u>2028</u>       | <u>2029</u>      | <u>Total</u><br><u>2025-2029</u> |
|--|-------------------|-------------------|-------------------|-------------------|------------------|----------------------------------|
| <b>Committed Projects</b>                            |                   |                   |                   |                   |                  |                                  |
| 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                              |
| <b>Subtotal - Maritime Committed CIP</b>             | <b>\$ 121,850</b> | <b>\$ 100,884</b> | <b>\$ 32,104</b>  | <b>\$ 500</b>     | <b>\$ 500</b>    | <b>\$ 255,838</b>                |
| <b>Business Plan Prospective Projects</b>            | <b>42,024</b>     | <b>107,594</b>    | <b>94,992</b>     | <b>72,691</b>     | <b>32,504</b>    | <b>349,805</b>                   |
| <b>CIP Cashflow Adjustment Reserve<sup>(1)</sup></b> | <b>(32,175)</b>   | <b>(67,474)</b>   | <b>59,789</b>     | <b>39,860</b>     | <b>0</b>         | <b>0</b>                         |
| <b>Total Maritime CIP</b>                            | <b>\$ 131,699</b> | <b>\$ 141,004</b> | <b>\$ 186,885</b> | <b>\$ 113,051</b> | <b>\$ 33,004</b> | <b>\$ 605,643</b>                |

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Note:

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

### **Committed Capital Projects:**

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

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. 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 and on 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 of roof structures at docks A-C (currently covered moorage) that are at the end of their service life.

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 \$31.3M for 2025 and \$71.5M for 2025-2029.

**TABLE IX-4: CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN**

| (\$ in 000's)   | 2025             | 2026             | 2027            | 2028            | 2029            | Total<br>2025-2029 |
|---|------------------|------------------|-----------------|-----------------|-----------------|--------------------|
| <b>Committed Projects</b>                             |                  |                  |                 |                 |                 |                    |
| 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             |
| <b>Subtotal - Central Services Committed CIP</b>      | <b>\$ 18,332</b> | <b>\$ 2,854</b>  | <b>\$ 2,250</b> | <b>\$ 1,501</b> | <b>\$ 2,025</b> | <b>\$ 26,962</b>   |
| <b>Business Plan Prospective Projects</b>             | <b>21,154</b>    | <b>6,340</b>     | <b>5,500</b>    | <b>5,500</b>    | <b>6,000</b>    | <b>44,494</b>      |
| <b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b> | <b>(8,200)</b>   | <b>2,000</b>     | <b>2,000</b>    | <b>2,500</b>    | <b>1,700</b>    | <b>0</b>           |
| <b>Total Central Services CIP</b>                     | <b>\$ 31,286</b> | <b>\$ 11,194</b> | <b>\$ 9,750</b> | <b>\$ 9,501</b> | <b>\$ 9,725</b> | <b>\$ 71,456</b>   |

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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 table below summarizes the Open-status NWSA CIP by homeport and shows the Port of Seattle’s 50% funding total, which is forecast to be \$75.0M for 2025 and \$210.0M for 2025-2029. A full listing of the NWSA CIP is included in Attachment 1 and further information on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

**TABLE IX-5: NWSA CAPITAL IMPROVEMENT PLAN**

| (\$ in 000's)                              |                    |                    |                    |                    |                    |                     |                           |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------------|
| <b><u>Home Port</u></b>                    | <b><u>2025</u></b> | <b><u>2026</u></b> | <b><u>2027</u></b> | <b><u>2028</u></b> | <b><u>2029</u></b> | <b><u>Total</u></b> | <b><u>2025 - 2029</u></b> |
| North Harbor (Seattle)                     | \$ 111,685         | \$ 78,133          | \$ 36,474          | \$ 4,555           | \$ -               | \$ 230,847          |                           |
| South Harbor (Tacoma)                      | 38,393             | 51,063             | 58,905             | 34,350             | 6,419              | 189,129             |                           |
| <b>NWSA Total</b>                          | <b>\$ 150,078</b>  | <b>\$ 129,195</b>  | <b>\$ 95,379</b>   | <b>\$ 38,905</b>   | <b>\$ 6,419</b>    | <b>\$ 419,976</b>   |                           |
| <b>Port of Seattle's 50% funding total</b> | <b>\$ 75,039</b>   | <b>\$ 64,598</b>   | <b>\$ 47,689</b>   | <b>\$ 19,453</b>   | <b>\$ 3,210</b>    | <b>\$ 209,988</b>   |                           |

**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 \$9.2M for 2025 and \$40.5M for 2025-2029.

**TABLE IX-6: PUBLIC EXPENSE PROJECTS**

| (\$ in 000's)                             |   |                 |                 |                  |                 |                 | Total              |
|---|---|-----------------|-----------------|------------------|-----------------|-----------------|--------------------|
| <u>Division</u>                           | <u>Project Description</u>                              | <u>2025</u>     | <u>2026</u>     | <u>2027</u>      | <u>2028</u>     | <u>2029</u>     | <u>2025 - 2029</u> |
| <b>Airport</b>                            | Sound Insulation  | \$ 4,000        | \$ 1,000        | \$ 1,500         | \$ 0            | \$ 0            | \$ 6,500           |
|   | Flight Corridor Safety Program                          | 1,400           | 1,617           | 0                | 0               | 0               | 3,017              |
|   | SR 509 Roadway Construction Support                     | 12              | 0               | 0                | 0               | 0               | 12                 |
|   | <b>Subtotal - Airport Public Expense Projects</b>       | <b>\$ 5,412</b> | <b>\$ 2,617</b> | <b>\$ 1,500</b>  | <b>\$ 0</b>     | <b>\$ 0</b>     | <b>\$ 9,529</b>    |
| <b>Joint Venture</b>                      | 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                |
|   | <b>Subtotal - Joint Venture Public Expense Projects</b> | <b>\$ 3,785</b> | <b>\$ 5,380</b> | <b>\$ 17,799</b> | <b>\$ 2,000</b> | <b>\$ 2,000</b> | <b>\$ 30,964</b>   |
| <b>Total Port Public Expense Projects</b> |   | <b>\$ 9,197</b> | <b>\$ 7,997</b> | <b>\$ 19,299</b> | <b>\$ 2,000</b> | <b>\$ 2,000</b> | <b>\$ 40,493</b>   |

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

## 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 \$1.9B of capital spending from 2025-2029 and a \$512.4M 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<br>2025 - 2029 |
|-------------------------------------|-------|------------|------------|------------|------------|------------|----------------------|
| <b>Aviation Division:</b>           |       |            |            |            |            |            |                      |
| <b>C Concourse Expansion</b>        |       |            |            |            |            |            |                      |
| 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                  |
| <b>SEA Gateway</b>                  |       |            |            |            |            |            |                      |
| 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        |       | -          | -          | -          | -          | -          | -                    |
| <b>South Concourse Evolution</b>    |       |            |            |            |            |            |                      |
| Capital Spending                    |       | 114,774    | 168,628    | 180,043    | 178,273    | 226,317    | 868,034              |
| Change in Operating Revenues        | 1     | -          | -          | -          | -          | -          | -                    |
| Change in Operating Expenses        |       | -          | -          | -          | -          | -          | -                    |
| <b>Checked Baggage Optimization</b> |       |            |            |            |            |            |                      |
| 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        |       | -          | -          | -          | -          | -          | -                    |
| <b>Aviation Subtotal</b>            |       |            |            |            |            |            |                      |
| 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.



**The following reports provide detail of the projects included in the Port’s 2025-2029 Capital Improvement Plan (CIP):**

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

| Division/CIP Sponsor          | Status | CIP                                 | Description                     | 2025           | 2026           | 2027          | 2028          | 2029          | 2025-2029<br>Total |
|-------------------------------|--------|-------------------------------------|---------------------------------|----------------|----------------|---------------|---------------|---------------|--------------------|
| <b>Aviation Division</b>      |        |                                     |                                 |                |                |               |               |               |                    |
| <b>Committed Projects</b>     |        |                                     |                                 |                |                |               |               |               |                    |
| <b>Airfield</b>               | 4      | C801157                             | South188th Tunnel Lighting      | 10,668         | 5,637          | -             | -             | -             | 16,305             |
|                               | 4      | C801179                             | Building 161E Renovation        | 6,725          | 6,513          | -             | -             | -             | 13,238             |
|                               | 4      | C801172                             | Water Reservoir Rehabilitation  | 1,505          | 1,206          | -             | -             | -             | 2,710              |
|                               | 5      | C800930                             | 2021-25 AFLD Pymnt&Sprrt Infr   | 45,430         | 4,164          | -             | -             | -             | 49,594             |
|                               | 5      | C801303                             | Taxiway A Circuit Replacement   | 32,278         | 5,205          | -             | -             | -             | 37,483             |
|                               | 5      | C801171                             | Snow Storage Expansion          | 16,292         | 1,303          | -             | -             | -             | 17,595             |
|                               | 5      | C800650                             | Surface Area Management System  | 8,505          | 2,092          | -             | -             | -             | 10,597             |
|                               | 5      | C801333                             | N14WB and N15NB Common Use      | 7,564          | -              | -             | -             | -             | 7,564              |
|                               | 5      | C801227                             | Airfield Snow Equipment         | -              | 5,917          | -             | -             | -             | 5,917              |
|                               | 5      | C800585                             | Wi-Fi Enhancement Project       | 2,498          | -              | -             | -             | -             | 2,498              |
|                               | 5      | C801185                             | Keys to Card Readers            | 2,102          | 358            | -             | -             | -             | 2,459              |
|                               | 5      | C801187                             | Potable Water Box Replacements  | 2,177          | 10             | -             | -             | -             | 2,186              |
|                               | 5      | C801288                             | BLD 167A B Cargo Access Cntrl   | 1,419          | -              | -             | -             | -             | 1,419              |
|                               | 5      | C800335                             | GSE Electrical Chrg Stations    | 577            | -              | -             | -             | -             | 577                |
|                               | 5      | C801173                             | Tyee Pond Effluent Pipe Replac  | 539            | -              | -             | -             | -             | 539                |
|                               | 5      | C801404                             | Ramp Tower Voice Communication  | 162            | -              | -             | -             | -             | 162                |
|                               |        | <b>Airfield Total</b>               |                                 | <b>138,439</b> | <b>32,404</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>170,843</b>     |
| <b>Aviation Division Wide</b> | 3      | C801045                             | Common Use System Replacement   | 100            | -              | -             | -             | -             | 100                |
|                               | 4      | C801256                             | 2022 Eastside Firestation       | 14,954         | 8,445          | 2,557         | -             | -             | 25,956             |
|                               | 4      | C801359                             | PCS Facility Improvement        | 737            | 143            | -             | -             | -             | 880                |
|                               | 5      | C801212                             | AV IT Small Capital 2021-2025   | 1,400          | 1,400          | -             | -             | -             | 2,800              |
|                               | 5      | C801232                             | EV Chargers for AV Fleet        | 1,774          | 684            | -             | -             | -             | 2,458              |
|                               | 5      | C801321                             | Access Control ICS Network Ref  | 845            | -              | -             | -             | -             | 845                |
|                               |        | <b>Aviation Division Wide Total</b> |                                 | <b>19,810</b>  | <b>10,671</b>  | <b>2,557</b>  | <b>-</b>      | <b>-</b>      | <b>33,039</b>      |
| <b>Commercial Management</b>  | 4      | C801111                             | CT-02_CB-04 Food Incub. Kiosks  | 3,701          | 1,411          | -             | -             | -             | 5,112              |
|                               | 4      | C800154                             | Tenant Reimbursement            | 525            | 466            | -             | -             | -             | 991                |
|                               | 5      | C800950                             | Cargo Buildings Improvements    | 2,916          | 207            | -             | -             | -             | 3,124              |
|                               |        | <b>Commercial Management Total</b>  |                                 | <b>7,143</b>   | <b>2,085</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>9,227</b>       |
| <b>Infrastructure</b>         | 3      | C801225                             | 400HZ Replacement Conc C & D    | 461            | 5,759          | 15,746        | 5,062         | -             | 27,028             |
|                               | 3      | C801030                             | Compactor Capacity              | 2,173          | 1,841          | -             | -             | -             | 4,014              |
|                               | 4      | C801234                             | IWTP Enhancements               | 2,418          | 59,115         | 42,993        | 31,206        | -             | 135,732            |
|                               | 4      | C801240                             | Utility Meter Networking        | 1,324          | 15,657         | 16,739        | 1,217         | -             | 34,937             |
|                               | 4      | C801280                             | Concourse Low Voltage Upgrades  | 17,007         | 13,472         | 550           | -             | -             | 31,029             |
|                               | 4      | C801223                             | DA and Condensate Sys Upgrades  | 1,761          | 3,128          | 4,735         | 3,405         | 482           | 13,510             |
|                               | 4      | C800901                             | Parking Garage Low Volt. Sys    | 2,194          | 4,219          | 4,406         | 121           | -             | 10,940             |
|                               | 4      | C800978                             | VFD Replacement II              | 4,096          | 4,001          | 1,613         | -             | -             | 9,710              |
|                               | 4      | C801230                             | Boiler Room Upgrades            | 1,386          | 2,374          | 883           | -             | -             | 4,643              |
|                               | 4      | C801224                             | 1947 Water Main - DBB           | 354            | 3,318          | -             | -             | -             | 3,672              |
|                               | 4      | C801239                             | Sanitary Pipe Replacement       | 1,965          | 937            | -             | -             | -             | 2,902              |
|                               | 5      | C800061                             | MT Low Voltage Sys Upgrade      | 26,600         | 15,411         | 2,259         | -             | -             | 44,269             |
|                               | 5      | C801177                             | AF Utility Improvements         | 16,470         | 1,628          | -             | -             | -             | 18,098             |
|                               | 5      | C102066                             | Art Pool                        | 6,800          | 6,986          | 3,594         | -             | -             | 17,380             |
|                               | 5      | C800762                             | Telecommunication Meet Me Room  | 8,752          | 2,280          | -             | -             | -             | 11,032             |
|                               | 5      | C801238                             | Public Access DAS Upgrade       | 1,300          | 4,035          | 4,682         | 921           | -             | 10,939             |
|                               | 5      | C800935                             | Access Controls in Comm Rooms   | 4,132          | 2,977          | -             | -             | -             | 7,109              |
|                               | 5      | C800945                             | Terminal Solid Waste Imprvmnts  | 4,573          | 669            | -             | -             | -             | 5,242              |
|                               | 5      | C801161                             | Communication Enhancements      | 1,971          | -              | -             | -             | -             | 1,971              |
|                               | 5      | C800944                             | Building Controls Upgrade 2018  | 214            | -              | -             | -             | -             | 214                |
|                               | 5      | C800924                             | AC4 Av/Maintenance Upgrade      | 85             | -              | -             | -             | -             | 85                 |
|                               | 5      | C801149                             | Tempor Air Handler Concourse C  | 20             | -              | -             | -             | -             | 20                 |
|                               | 5      | C801351                             | C60/C88 Software Upgrades       | 10             | -              | -             | -             | -             | 10                 |
|                               | 5      | C801181                             | Chiller Panel Upgrades - II     | 5              | -              | -             | -             | -             | 5                  |
|                               | 5      | C800699                             | Electric Utility SCADA          | 2              | -              | -             | -             | -             | 2                  |
|                               |        | <b>Infrastructure Total</b>         |                                 | <b>106,074</b> | <b>147,806</b> | <b>98,200</b> | <b>41,931</b> | <b>482</b>    | <b>394,494</b>     |
| <b>Landside</b>               | 3      | C801325                             | RCF QTA Boiler Skids 1 and 2    | 118            | 1,162          | 69            | -             | -             | 1,348              |
|                               | 4      | C801307                             | Parking Garage Rehabilitation   | 1,020          | 2,564          | 10,333        | 12,342        | 12,308        | 38,567             |
|                               | 4      | C801042                             | Landside Pavement Program       | 5,794          | 1,843          | -             | -             | -             | 7,637              |
|                               | 5      | C800866                             | Widen Arrivals Roadway          | 16,832         | 18,174         | 19,108        | -             | -             | 54,115             |
|                               | 5      | C800957                             | NEPL Improvements               | 6,143          | 5,934          | -             | -             | -             | 12,078             |
|                               | 5      | C800789                             | Parking Garage Elevators Moder  | 4,759          | 4,393          | 1,997         | -             | -             | 11,149             |
|                               | 5      | C801128                             | 3rd FL GT Booth Enhancements    | 1,199          | 1,234          | -             | -             | -             | 2,433              |
|                               | 5      | C801186                             | S 160th St Lot TNC Improvement  | 2,383          | -              | -             | -             | -             | 2,383              |
|                               | 5      | C800870                             | Parking Revenue Infrastructure  | 1,624          | 43             | -             | -             | -             | 1,666              |
|                               | 5      | C801429                             | STS Standpipe Upgrades          | 1,252          | -              | -             | -             | -             | 1,252              |
|                               | 5      | C801440                             | Upper Drive Handrail            | 1,220          | -              | -             | -             | -             | 1,220              |
|                               | 5      | C801409                             | Upper Drive Traffic Attenuator  | 704            | 374            | -             | -             | -             | 1,078              |
|                               | 5      | C800977                             | RCF Pavement Remediation        | 769            | -              | -             | -             | -             | 769                |
|                               |        | <b>Landside Total</b>               |                                 | <b>43,818</b>  | <b>35,720</b>  | <b>31,507</b> | <b>12,342</b> | <b>12,308</b> | <b>135,696</b>     |
| <b>Noise Program</b>          | 5      | C200096                             | Apartment Sound Insulation      | 15,188         | 23,462         | 179           | -             | -             | 38,829             |
|                               | 5      | C200098                             | Places of Worship Sound Insula  | 5,748          | 7,112          | 88            | -             | -             | 12,948             |
|                               | 5      | C200094                             | Single Family Home Insulation   | 2,015          | 2,546          | 1,286         | -             | -             | 5,848              |
|                               | 5      | C200007                             | Highline School Insulation      | -              | 2,374          | -             | -             | 977           | 3,351              |
|                               |        | <b>Noise Program Total</b>          |                                 | <b>22,952</b>  | <b>35,494</b>  | <b>1,553</b>  | <b>-</b>      | <b>977</b>    | <b>60,976</b>      |
| <b>Security</b>               | 4      | C801363                             | PAGE (Perimeter Access & Gate)  | 3,874          | 89             | -             | -             | -             | 3,963              |
|                               | 5      | C801093                             | Checkpoint 1 Relocation         | 10,195         | 1,868          | -             | -             | -             | 12,063             |
|                               | 5      | C800844                             | Perimeter Intrusion Detect Sys  | 5,337          | 1,458          | -             | -             | -             | 6,795              |
|                               | 5      | C801237                             | Secured Area Vehicle Checkpoint | 1,167          | -              | -             | -             | -             | 1,167              |
|                               | 5      | C800862                             | Terminal Security Enhancements  | 879            | -              | -             | -             | -             | 879                |

| Division/CIP Sponsor                      | Status | CIP     | Description                               | 2025             | 2026           | 2027           | 2028           | 2029           | 2025-2029<br>Total |
|---|--------|---------|---|------------------|----------------|----------------|----------------|----------------|--------------------|
|   | 5      | C800876 | Interim Westside Fire Station             | 109              | -              | -              | -              | -              | 109                |
|   | 5      | C801119 | Load Dock Employee Screening              | 62               | -              | -              | -              | -              | 62                 |
|   |        |         | <b>Security Total</b>                     | <b>21,623</b>    | <b>3,415</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>25,038</b>      |
| <b>Sustainable Airport Master Plan</b>    | 5      | C801109 | SAMP Near Term Planning                   | 717              | -              | -              | -              | -              | 717                |
|   |        |         | <b>SAMP Total</b>                         | <b>717</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>717</b>         |
| <b>Terminal and Tenants</b>               | 3      | C801265 | Conc HVAC renewal & replace               | 3,786            | 4,464          | 7,599          | 34,847         | 34,752         | 85,447             |
|   | 4      | C801203 | S Concourse Evolution                     | 114,775          | 168,628        | 180,043        | 178,273        | 226,317        | 868,035            |
|   | 4      | C801207 | Port Shared-Lounge Conc A                 | 19,173           | 2,090          | -              | -              | -              | 21,264             |
|   | 5      | C800612 | Checked Bag Recap/Optimization            | 74,655           | 90,351         | 103,540        | 107,184        | 83,099         | 458,829            |
|   | 5      | C801204 | North MT Redevelopment                    | 156,409          | 80,829         | 49,916         | -              | -              | 287,153            |
|   | 5      | C800845 | C Concourse Expansion                     | 142,789          | 110,285        | 20,394         | -              | -              | 273,467            |
|   | 5      | C801158 | Post IAF Airline Realignment              | 45,075           | 65,247         | 12,565         | -              | -              | 122,887            |
|   | 5      | C801205 | Concourse A Lounge Expansion              | 36,280           | 10,857         | -              | -              | -              | 47,136             |
|   | 5      | C801206 | Concourse A Duty Free                     | 5,423            | 24,229         | 15,581         | -              | -              | 45,232             |
|   | 5      | C801043 | Upgrades STS Train Control                | 15,899           | 11,413         | 8,757          | 2,350          | -              | 38,419             |
|   | 5      | C801308 | PLB Renew and Replace 2022                | 11,366           | 5,812          | -              | -              | -              | 17,178             |
|   | 5      | C801127 | Baggage Claim 15&16 Replace               | 7,570            | 4,686          | -              | -              | -              | 12,257             |
|   | 5      | C800583 | International Arrivals Fac-IAF            | 3,870            | 2,797          | -              | -              | -              | 6,667              |
|   | 5      | C800697 | Restroom Upgrades Conc B, C, D            | 5,333            | -              | -              | -              | -              | 5,333              |
|   | 5      | C801180 | PLB Renew and Replacement                 | 4,230            | -              | -              | -              | -              | 4,230              |
|   | 5      | C801182 | Flow Meter Replacement CMP                | 1,177            | 2,203          | 611            | -              | -              | 3,991              |
|   | 5      | C801118 | Zone 2 Common Use Conversion              | 184              | -              | -              | -              | -              | 184                |
|   | 5      | C801420 | ASL replacement                           | 63               | -              | -              | -              | -              | 63                 |
|   |        |         | <b>Terminal and Tenants Total</b>         | <b>648,056</b>   | <b>583,892</b> | <b>399,005</b> | <b>322,654</b> | <b>344,167</b> | <b>2,297,774</b>   |
|   |        |         | <b>Committed Projects Total</b>           | <b>1,008,632</b> | <b>851,488</b> | <b>532,822</b> | <b>376,927</b> | <b>357,935</b> | <b>3,127,803</b>   |
| <b>Business Plan Prospective Projects</b> |        |         |   |                  |                |                |                |                |                    |
| <b>Airfield</b>                           | 2      | C801304 | Cargo 161D, 165A, and 161F Ren            | 1,532            | 4,143          | 6,352          | 3,956          | 14,982         | 30,965             |
|   | 2      | C801375 | Gate A6 Widebody Remediation              | 1,456            | 2,621          | 23,341         | 39,375         | 34,206         | 101,000            |
|   | 2      | C801379 | 2026-2030 AFLD PVMNTS                     | 17,527           | 76,108         | 76,845         | 78,547         | 75,807         | 324,834            |
|   |        |         | <b>Airfield Total</b>                     | <b>20,515</b>    | <b>82,872</b>  | <b>106,538</b> | <b>121,878</b> | <b>124,995</b> | <b>456,798</b>     |
| <b>Aviation Division Wide</b>             | 2      | C800751 | Aviation Small Capital Jobs               | 2,000            | 2,000          | 1,965          | -              | -              | 5,965              |
|   | 2      | C800752 | AV Small Capital Purchases                | 912              | 1,290          | 290            | -              | -              | 2,492              |
|   | 2      | C800753 | Aeronautical Reserve                      | 10,000           | 20,000         | 40,955         | 105,000        | 150,000        | 325,955            |
|   | 2      | C800754 | Non-Aeronautical Reserve                  | 121,000          | 6,000          | 8,683          | 15,000         | 15,000         | 165,683            |
|   | 2      | C801267 | Utility Master Plan Allowance             | -                | -              | 75,000         | 75,000         | 50,000         | 200,000            |
|   | 2      | C801311 | Const. Logistic Site Expansion            | 7,282            | 9,194          | -              | -              | -              | 16,476             |
|   | 2      | C801315 | CUSS Renewal/Replacement                  | 1,776            | 3,886          | 37             | -              | -              | 5,699              |
|   | 2      | C801341 | AV Small Capital Purchases                | 2,000            | 1,500          | 1,725          | -              | -              | 5,225              |
|   | 2      | C801385 | Small Jobs 2024-2034                      | 1,000            | 1,000          | 1,000          | 1,000          | 1,000          | 5,000              |
|   |        |         | <b>Aviation Division Wide Total</b>       | <b>145,970</b>   | <b>44,870</b>  | <b>129,655</b> | <b>196,000</b> | <b>216,000</b> | <b>732,495</b>     |
| <b>Commercial Management</b>              | 2      | C801427 | Terminal ADR Shell &Core Renov            | 1,495            | 1,455          | 2,239          | 2,777          | 2,174          | 10,140             |
|   |        |         | <b>Commercial Management Total</b>        | <b>1,495</b>     | <b>1,455</b>   | <b>2,239</b>   | <b>2,777</b>   | <b>2,174</b>   | <b>10,140</b>      |
| <b>Infrastructure</b>                     | 2      | C800937 | Fire Suppression Comm Rooms               | 100              | 510            | -              | -              | -              | 610                |
|   | 2      | C801313 | Fleet Fast EV charging                    | 399              | 634            | 3,370          | 6,336          | 33             | 10,771             |
|   | 2      | C801316 | Generator Controls                        | 836              | 3,739          | 5,344          | 1,732          | -              | 11,650             |
|   | 2      | C801318 | Water Surge Attenuator                    | 280              | 374            | 1,884          | 1,474          | -              | 4,012              |
|   | 2      | C801411 | Biffy Facility Improvement                | 423              | 2,657          | 1,568          | -              | -              | 4,648              |
|   |        |         | <b>Infrastructure Total</b>               | <b>2,038</b>     | <b>7,913</b>   | <b>12,166</b>  | <b>9,542</b>   | <b>33</b>      | <b>31,691</b>      |
| <b>Landside</b>                           | 2      | C801209 | RCF CSB Re-demising                       | 76               | 2,126          | 4,936          | 3,233          | 175            | 10,545             |
|   | 2      | C801229 | AVI Readers Refresh                       | 150              | 175            | -              | -              | -              | 325                |
|   | 2      | C801312 | Air Cargo Road Phase 2                    | 69               | 955            | 3,071          | 4,211          | 3,790          | 12,095             |
|   | 2      | C801319 | Upper/Lower Drive Improvements            | 127              | 464            | 1,321          | 3,206          | 1,160          | 6,279              |
|   | 2      | C801329 | Parking Garage UPS                        | 56               | 472            | 170            | -              | -              | 698                |
|   | 2      | C801412 | RCF Fire Suppression System               | 513              | 5,646          | 1,274          | -              | -              | 7,433              |
|   |        |         | <b>Landside Total</b>                     | <b>992</b>       | <b>9,837</b>   | <b>10,773</b>  | <b>10,650</b>  | <b>5,125</b>   | <b>37,376</b>      |
| <b>Noise Program</b>                      | 2      | C200097 | ATZ Residential Acquisition               | -                | 2,493          | 794            | 27             | -              | 3,313              |
|   |        |         | <b>Noise Program Total</b>                | <b>-</b>         | <b>2,493</b>   | <b>794</b>     | <b>27</b>      | <b>-</b>       | <b>3,313</b>       |
| <b>Security</b>                           | 2      | C801040 | Fire Dept Apparatus Replace               | -                | 200            | 1,100          | 5,525          | 3,344          | 10,169             |
|   | 2      | C801320 | Security Camera Upgrades                  | 280              | 1,244          | 1,389          | 391            | -              | 3,304              |
|   | 2      | C801439 | South STS Employee Screening Reloc.       | 906              | 3,440          | 791            | -              | -              | 5,137              |
|   |        |         | <b>Security Total</b>                     | <b>1,186</b>     | <b>4,884</b>   | <b>3,280</b>   | <b>5,916</b>   | <b>3,344</b>   | <b>18,610</b>      |
| <b>Sustainable Airport Master Plan</b>    | 2      | C801057 | SAMP - Landside                           | 3,500            | 20,000         | 15,000         | 7,500          | 7,000          | 53,000             |
|   | 2      | C801059 | SAMP - Airside                            | -                | 2,500          | 2,500          | 5,000          | 5,500          | 15,500             |
|   | 2      | C801060 | SAMP - Cargo                              | -                | 1,000          | 1,000          | -              | -              | 2,000              |
|   | 2      | C801061 | SAMP - 2nd Terminal                       | -                | 4,500          | 20,000         | 50,000         | 50,000         | 124,500            |
|   | 2      | C801062 | SAMP - Airline/Airport Support            | 2,500            | 8,000          | 15,000         | 15,000         | 10,000         | 50,500             |
|   |        |         | <b>SAMP Total</b>                         | <b>6,000</b>     | <b>36,000</b>  | <b>53,500</b>  | <b>77,500</b>  | <b>72,500</b>  | <b>245,500</b>     |
| <b>Terminal and Tenants</b>               | 2      | C801236 | M.Terminal Exterior wall rehab            | 1,518            | 2,609          | 2,872          | 74             | -              | 7,073              |
|   | 2      | C801266 | Main Terminal Improvement Prog            | 7,831            | 13,542         | 12,953         | 70,792         | 72,837         | 177,955            |
|   | 2      | C801377 | STS Replacement                           | 6,300            | 2,362          | -              | -              | -              | 8,662              |
|   | 2      | C801408 | AOS Breakroom                             | 499              | 816            | 269            | -              | -              | 1,583              |
|   | 2      | C801422 | Elevator Lobby 2 Way Communications       | 170              | 1,482          | 3,300          | 4,020          | 980            | 9,952              |
|   | 2      | C801441 | Bagwell Drive Improvements                | 800              | -              | -              | -              | -              | 800                |
|   |        |         | <b>Terminal and Tenants Total</b>         | <b>17,117</b>    | <b>20,811</b>  | <b>19,394</b>  | <b>74,886</b>  | <b>73,817</b>  | <b>206,025</b>     |
|   |        |         | <b>Business Plan Prospective Projects</b> | <b>195,313</b>   | <b>211,136</b> | <b>338,338</b> | <b>499,176</b> | <b>497,987</b> | <b>1,741,949</b>   |

| Division/CIP Sponsor                      | Status | CIP     | Description                          | 2025           | 2026           | 2027          | 2028          | 2029          | 2025-2029<br>Total |
|---|--------|---------|--------------------------------------|----------------|----------------|---------------|---------------|---------------|--------------------|
| C801141 CIP Cashflow Mgmt Reserve         |        |         |                                      | (166,955)      | 66,782         | 100,173       | -             | -             | -                  |
| Aviation Division Total                   |        |         |                                      | 1,036,989      | 1,129,406      | 971,333       | 876,102       | 855,922       | 4,869,752          |
| Maritime Division                         |        |         |                                      |                |                |               |               |               |                    |
| <b>Committed Projects</b>                 |        |         |                                      |                |                |               |               |               |                    |
| Cruise Operations                         | 4      | C800517 | P66 Wave Break Cathodic Protec       | 1,250          | 2,502          | -             | -             | -             | 3,752              |
|   | 4      | C801293 | T91 Cruise Shore Pwr Extension       | 500            | 6,495          | 6,494         | -             | -             | 13,489             |
|   | 5      | C800120 | P66 Shore Power                      | 52             | -              | -             | -             | -             | 52                 |
|   | 5      | C800129 | T91 New Cruise Gangway               | 6,402          | -              | -             | -             | -             | 6,402              |
|   | 5      | C800674 | P66 Fender Replacement               | 3,070          | -              | -             | -             | -             | 3,070              |
|   |        |         | <b>Cruise Operations Total</b>       | <b>11,274</b>  | <b>8,997</b>   | <b>6,494</b>  | <b>-</b>      | <b>-</b>      | <b>26,765</b>      |
| Fishing and Operations                    | 4      | C801095 | SaBM Docks A-C Roof Safety           | 220            | 3,629          | 9,833         | -             | -             | 13,682             |
|   | 4      | C801300 | T46 Substation 1 Repl POS Port       | 411            | -              | -             | -             | -             | 411                |
|   | 5      | C102475 | T91 Berth 6 & 8 Redev                | 59,766         | 2,680          | -             | -             | -             | 62,446             |
|   | 5      | C801243 | T91 Domestic Water Lines             | 500            | 500            | 500           | 500           | 500           | 2,500              |
|   |        |         | <b>Fishing and Operations Total</b>  | <b>60,897</b>  | <b>6,809</b>   | <b>10,333</b> | <b>500</b>    | <b>500</b>    | <b>79,039</b>      |
| Maritime General                          | 4      | C801112 | P69 Public Video Wall                | 326            | -              | -             | -             | -             | 326                |
|   | 5      | C801102 | P69 Underdock Utility Rplc           | 5              | -              | -             | -             | -             | 5                  |
|   |        |         | <b>Maritime General</b>              | <b>331</b>     | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>331</b>         |
| Portfolio Management                      | 4      | C801163 | P90 East Timber Pile Caps            | 1,288          | -              | -             | -             | -             | 1,288              |
|   | 4      | C801211 | FT Site Improvements                 | 1,432          | -              | -             | -             | -             | 1,432              |
|   | 4      | C801241 | MIC Electrical Replacements          | 9,640          | -              | -             | -             | -             | 9,640              |
|   | 4      | C800158 | T91 Uplands Dev Phase I              | 3,700          | 81,577         | 14,675        | -             | -             | 99,952             |
|   | 5      | C801192 | T91 Ped Path and Bike Bridge         | 947            | -              | -             | -             | -             | 947                |
|   | 5      | C801084 | FT Maritime Innovation Center        | 22,675         | -              | -             | -             | -             | 22,675             |
|   | 5      | C801198 | FT ADA Compliance Project            | 957            | -              | -             | -             | -             | 957                |
|   | 5      | C801104 | WTCW Roof Replacement                | 5              | -              | -             | -             | -             | 5                  |
|   | 5      | C801406 | Bell St. Parking Garage Improvements | 2,658          | 2,052          | -             | -             | -             | 4,710              |
|   |        |         | <b>Portfolio Management Total</b>    | <b>43,302</b>  | <b>83,629</b>  | <b>14,675</b> | <b>-</b>      | <b>-</b>      | <b>141,606</b>     |
| Recreational Boating                      | 4      | C800539 | BHM Pile Wraps and Cathodic Protect. | 1,586          | 1,273          | -             | -             | -             | 2,859              |
|   | 4      | C801257 | SBM Office Reconfiguration           | 851            | 176            | 602           | -             | -             | 1,629              |
|   | 5      | C800570 | SBM Dock X Pier Replacement          | 1,539          | -              | -             | -             | -             | 1,539              |
|   | 5      | C800678 | HIM Dock-E Improvements              | 2,070          | -              | -             | -             | -             | 2,070              |
|   |        |         | <b>Recreational Boating Total</b>    | <b>6,046</b>   | <b>1,449</b>   | <b>602</b>    | <b>-</b>      | <b>-</b>      | <b>8,097</b>       |
| <b>Committed Projects Total</b>           |        |         |                                      | <b>121,850</b> | <b>100,884</b> | <b>32,104</b> | <b>500</b>    | <b>500</b>    | <b>255,838</b>     |
| <b>Business Plan Prospective Projects</b> |        |         |                                      |                |                |               |               |               |                    |
| Cruise Operations                         | 2      | C801367 | T91 Cruise Terminal Passenger Clear. | 401            | -              | -             | -             | -             | 401                |
|   | 2      | C801376 | P66 New Cruise Passenger Gangway     | 475            | 5,745          | -             | -             | -             | 6,220              |
|   | 2      | C801432 | T91 Fire Alarm Panel Replacement     | 180            | -              | -             | -             | -             | 180                |
|   | 2      | C801983 | P66 Shore Power Extension            | 500            | 3,500          | 3,500         | -             | -             | 7,500              |
|   |        |         | <b>Cruise Operations Total</b>       | <b>1,556</b>   | <b>9,245</b>   | <b>3,500</b>  | <b>-</b>      | <b>-</b>      | <b>14,301</b>      |
| Environmental Services                    | 2      | C801246 | T5 SE Shoreline Restoration          | 940            | 965            | -             | -             | -             | 1,905              |
|   | 2      | C801247 | Waterfront LED Lighting              | 650            | 500            | 500           | -             | -             | 1,650              |
|   | 2      | C801248 | Waterfront Fleet EV Infrastructure   | 930            | 4,171          | -             | -             | -             | 5,101              |
|   | 2      | C801269 | Waterfront Smart Meters              | 1,940          | 3,714          | 3,783         | 3,763         | -             | 13,200             |
|   | 2      | C801295 | Centennial Park Shoreline Stab       | 100            | 100            | -             | -             | -             | 200                |
|   | 2      | C801297 | T91 LED Lighting Upgrades            | 400            | 3,112          | -             | -             | -             | 3,512              |
|   | 2      | C801888 | Shoreline Habitat Improvements       | -              | -              | 500           | 500           | 500           | 1,500              |
|   |        |         | <b>Environmental Services Total</b>  | <b>4,960</b>   | <b>12,562</b>  | <b>4,783</b>  | <b>4,263</b>  | <b>500</b>    | <b>27,068</b>      |
| Fishing and Operations                    | 2      | C800307 | MIC West & Central Piers Resur       | -              | -              | 70            | 810           | 196           | 1,076              |
|   | 2      | C800444 | FT NW Dock West Improvements         | 470            | 930            | 7,800         | 30,000        | 16,760        | 55,960             |
|   | 2      | C800528 | FT W Wall N Fender Replacement       | -              | -              | -             | 580           | 1,750         | 2,330              |
|   | 2      | C800529 | FT W Wall N Sht Pile Crsn Prtn       | -              | -              | -             | -             | 580           | 580                |
|   | 2      | C800530 | FT S Wall Wt End Improvements        | -              | -              | -             | -             | 230           | 230                |
|   | 2      | C800533 | FT W Wall S Sht Pile Cor Protn       | -              | -              | -             | -             | 410           | 410                |
|   | 2      | C800534 | FT S Wall Cl Fndr Rp & Cor Prt       | -              | -              | -             | -             | 820           | 820                |
|   | 2      | C800568 | FT Net Shed 10 & 11 Roof Overlay     | 80             | 1,176          | 20            | -             | -             | 1,276              |
|   | 2      | C800999 | Harbor Mooring Dolphins              | 40             | 120            | 7,800         | 10,500        | 513           | 18,973             |
|   | 2      | C801011 | T91 Dredge Berth M                   | 100            | 500            | 1,000         | 2,400         | -             | 4,000              |
|   | 2      | C801294 | P90/91 Dock Rehab                    | 400            | 7,000          | 10,000        | 3,495         | -             | 20,895             |
|   | 2      | C801889 | T91 Dredge Berth J K                 | 150            | 150            | 500           | 2,900         | -             | 3,700              |
|   | 2      | C801984 | P46N Shorepower Reestablishment      | -              | 500            | -             | -             | -             | 500                |
|   |        |         | <b>Fishing and Operations Total</b>  | <b>1,240</b>   | <b>10,376</b>  | <b>27,190</b> | <b>50,685</b> | <b>21,259</b> | <b>110,750</b>     |
| Maritime General                          | 2      | C102395 | Maritime Technology Projects         | 250            | 250            | 250           | 250           | 250           | 1,250              |
|   | 2      | C800002 | MD Reserve                           | -              | 5,000          | 8,000         | 8,000         | 8,000         | 29,000             |
|   | 2      | C800352 | P69 Concrete Dock Rehab              | 450            | 16,545         | 21,990        | -             | -             | 38,985             |
|   | 2      | C801008 | P69 Elevator Control Mods            | 1,412          | 1,025          | 47            | -             | -             | 2,484              |
|   | 2      | C801009 | P69 HVAC System Modernization        | 900            | -              | -             | -             | -             | 900                |
|   | 2      | C801065 | P69 Computer Room CRAC Repl          | 125            | -              | -             | -             | -             | 125                |
|   | 2      | C801073 | MD Tenant Improvements - Cap         | 250            | 250            | 250           | 250           | 250           | 1,250              |
|   | 2      | C801101 | P69 Clerestory and Skylight Re       | -              | 542            | 2,194         | 239           | -             | 2,975              |
|   | 2      | C801215 | MD Fleet 2022                        | 400            | -              | -             | -             | -             | 400                |
|   | 2      | C801217 | MD Small Projects 2022               | 119            | -              | -             | -             | -             | 119                |
|   | 2      | C801245 | Parks Amenties Duwamish Valley       | 300            | 2,700          | -             | -             | -             | 3,000              |
|   | 2      | C801284 | MD Fleet 2023                        | 305            | -              | -             | -             | -             | 305                |

| Division/CIP Sponsor                             | Status | CIP            | Description                                     | 2025            | 2026            | 2027           | 2028           | 2029          | 2025-2029<br>Total |
|--|--------|----------------|---|-----------------|-----------------|----------------|----------------|---------------|--------------------|
|  | 2      | C801286        | WPM Small Projects 2025                         | 4,928           | -               | -              | -              | -             | 4,928              |
|  | 2      | C801290        | P69 3rd Floor Terrace Repair                    | 225             | 865             | -              | -              | -             | 1,090              |
|  | 2      | C801332        | Waterfront Art Pool                             | 449             | 1,278           | 395            | 61             | 10            | 2,193              |
|  | 2      | C801353        | MD Small Projects 2023                          | 89              | -               | -              | -              | -             | 89                 |
|  | 2      | C801388        | MD Fleet 2024                                   | 2,125           | 1,000           | -              | -              | -             | 3,125              |
|  | 2      | C801389        | MD Fleet 2025 +                                 | 970             | 2,540           | 1,165          | -              | -             | 4,675              |
|  | 2      | C801390        | MMSO Fleet & SWU Facility                       | 1,200           | 9,918           | 9,918          | -              | -             | 21,036             |
|  | 2      | C801395        | MMSO G&S Yard and Building Electric.            | 45              | 455             | -              | -              | -             | 500                |
|  | 2      | C801403        | T91 Diesel Forklifts                            | -               | 1,250           | -              | -              | -             | 1,250              |
|  | 2      | C801410        | WPM Small Projects 2024                         | 286             | 340             | -              | -              | -             | 626                |
|  | 2      | C801426        | MD Fleet 2026 +                                 | -               | 1,310           | 2,050          | 700            | 1,535         | 5,595              |
|  | 2      | C801890        | FT Entrance and Exit Paving                     | 1,500           | 500             | -              | -              | -             | 2,000              |
|  | 2      | C801986        | EBC Park Infrastructure, Amenities              | 1,145           | 573             | -              | -              | -             | 1,718              |
|  | 2      | C801991        | WPM Small Project 2026 +                        | -               | -               | 500            | 500            | 500           | 1,500              |
|  |        |                | <b>Maritime General Total</b>                   | <b>17,473</b>   | <b>46,341</b>   | <b>46,759</b>  | <b>10,000</b>  | <b>10,545</b> | <b>131,118</b>     |
| <b>Portfolio Management</b>                      | 2      | C800733        | FT C3 Bldg Roof Replace                         | 40              | 735             | 46             | -              | -             | 821                |
|  | 2      | C801064        | WTC (Bell St.) Garage Elevator Mods             | 1,256           | 2,139           | -              | -              | -             | 3,395              |
|  | 2      | C801096        | FT C15 Building Improvements                    | 3,290           | 8,489           | 4,221          | -              | -             | 16,000             |
|  | 2      | C801169        | T91 Uplands Ph2 Infrastructure -Pad             | 6,500           | 3,250           | -              | -              | -             | 9,750              |
|  | 2      | C801220        | P66 Retail HVAC Upgrade                         | 4               | 219             | 2,485          | 2,463          | -             | 5,171              |
|  | 2      | C801370        | Bell Street Bridge refresh                      | -               | 5               | 3,400          | 2,410          | -             | 5,815              |
|  | 2      | C801371        | P66 Grand Staircase Replacement                 | 360             | 6,636           | 893            | -              | -             | 7,889              |
|  | 2      | C801373        | T91 West Gate Redesign                          | 620             | -               | -              | -              | -             | 620                |
|  |        |                | <b>Portfolio Management Total</b>               | <b>12,070</b>   | <b>21,473</b>   | <b>11,045</b>  | <b>4,873</b>   | <b>-</b>      | <b>49,461</b>      |
| <b>Recreational Boating</b>                      | 2      | C800672        | SBM G Dock Rehab                                | -               | 65              | 600            | 2,600          | 200           | 3,465              |
|  | 2      | C800679        | SBM Lower A Dock Impr.                          | -               | 130             | 1,115          | 270            | -             | 1,515              |
|  | 2      | C801001        | SBM Dock A Fixed Pier Rehab                     | 225             | 3,260           | -              | -              | -             | 3,485              |
|  |        |                | <b>Recreational Boating Total</b>               | <b>225</b>      | <b>3,455</b>    | <b>1,715</b>   | <b>2,870</b>   | <b>200</b>    | <b>8,465</b>       |
| <b>Security</b>                                  | 2      | C801020        | Maritime Video Camera Project                   | 4,500           | 4,142           | -              | -              | -             | 8,642              |
|  |        |                | <b>Security Total</b>                           | <b>4,500</b>    | <b>4,142</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>8,642</b>       |
|  |        |                | <b>Business Plan Prospective Projects Total</b> | <b>42,024</b>   | <b>107,594</b>  | <b>94,992</b>  | <b>72,691</b>  | <b>32,504</b> | <b>349,805</b>     |
|  |        | <b>C801144</b> | <b>CIP Cashflow Mgt - MD</b>                    | <b>(32,175)</b> | <b>(67,474)</b> | <b>59,789</b>  | <b>39,860</b>  | <b>-</b>      | <b>(0)</b>         |
|  |        |                | <b>Maritime Division Total</b>                  | <b>131,699</b>  | <b>141,004</b>  | <b>186,885</b> | <b>113,051</b> | <b>33,004</b> | <b>605,643</b>     |
| <b>Central Services Division</b>                 |        |                |   |                 |                 |                |                |               |                    |
| <b><u>Committed Projects</u></b>                 |        |                |   |                 |                 |                |                |               |                    |
| <b>Information Technology</b>                    | 3      | C800016        | Enterprise GIS - Small Cap                      | 250             | 250             | 250            | 250            | 250           | 1,250              |
|  | 4      | C801201        | ID Badge System Upgrade                         | 2,899           | -               | -              | -              | -             | 2,899              |
|  | 4      | C801261        | Contract Management System Rep                  | 130             | 630             | -              | -              | -             | 760                |
|  | 5      | C801262        | Enterprise Network Refresh                      | 2,464           | -               | -              | -              | -             | 2,464              |
|  | 4      | C801263        | Radio Microwave Redund. Loop                    | 1,931           | -               | -              | -              | -             | 1,931              |
|  | 4      | C801343        | Specification Doc Mgmt Softwar                  | 536             | -               | -              | -              | -             | 536                |
|  | 4      | C801344        | Enterprise Firewall Refresh                     | 1,490           | -               | -              | -              | -             | 1,490              |
|  | 5      | C801345        | Phys Access Control Syst Refres                 | 1,095           | -               | -              | -              | -             | 1,095              |
|  | 4      | C801364        | GIS ESRI Refresh                                | 204             | -               | -              | -              | -             | 204                |
|  | 4      | C801382        | PeopleSoft Financial Syst Upgr                  | 2,609           | -               | -              | -              | -             | 2,609              |
|  | 4      | C801386        | TierPoint SAN Refresh                           | 300             | -               | -              | -              | -             | 300                |
|  |        |                | <b>Information Technology Total</b>             | <b>13,908</b>   | <b>880</b>      | <b>250</b>     | <b>250</b>     | <b>250</b>    | <b>15,538</b>      |
| <b>General and Capital Development</b>           | 5      | C800051        | Small Capital Acquisition-Corp                  | 200             | 200             | 200            | 200            | 200           | 1,000              |
|  | 3      | C800453        | Engineering Small Cap                           | 214             | 140             | 200            | 50             | 220           | 824                |
|  | 3      | C801414        | Corporate Fleet 2024+                           | 3,030           | 1,144           | 1,000          | 761            | 1,190         | 7,125              |
|  | 4      | C801415        | Engineering/PCS Fleet 2024+                     | 980             | 490             | 600            | 240            | 165           | 2,475              |
|  |        |                | <b>General and Capital Development Total</b>    | <b>4,424</b>    | <b>1,974</b>    | <b>2,000</b>   | <b>1,251</b>   | <b>1,775</b>  | <b>11,424</b>      |
|  |        |                | <b>Committed Projects Total</b>                 | <b>18,332</b>   | <b>2,854</b>    | <b>2,250</b>   | <b>1,501</b>   | <b>2,025</b>  | <b>26,962</b>      |
| <b><u>Business Plan Prospective Projects</u></b> |        |                |   |                 |                 |                |                |               |                    |
| <b>Information Technology</b>                    | 2      | C800097        | IT Renewal/Replacement                          | 2,500           | 2,500           | 2,500          | 2,500          | 3,000         | 13,000             |
|  | 2      | C801346        | Fleet Management Software                       | 850             | -               | -              | -              | -             | 850                |
|  | 2      | C801347        | Fire Alarm Monitoring System                    | 500             | -               | -              | -              | -             | 500                |
|  | 2      | C801383        | Maximo Software System Upgrade                  | 1,601           | -               | -              | -              | -             | 1,601              |
|  | 2      | C801384        | Property Management System Upg                  | -               | 840             | -              | -              | -             | 840                |
|  | 2      | C801413        | Infrastructure Small Cap 2024+                  | 1,500           | 1,500           | 1,500          | 1,500          | 1,500         | 7,500              |
|  | 2      | C801416        | Services Tech Small Cap 2024+                   | 1,500           | 1,500           | 1,500          | 1,500          | 1,500         | 7,500              |
|  | 2      | C801434        | Corp SBITA before go live                       | 703             | -               | -              | -              | -             | 703                |
|  |        |                | <b>Information Technology Total</b>             | <b>9,154</b>    | <b>6,340</b>    | <b>5,500</b>   | <b>5,500</b>   | <b>6,000</b>  | <b>32,494</b>      |
| <b>General and Capital Development</b>           | 2      | C801354        | Engineering/PCS Fleet 2023                      | -               | -               | -              | -              | -             | -                  |
|  | 2      | C801999        | Police Equipment Acquisition                    | 12,000          | -               | -              | -              | -             | 12,000             |
|  |        |                | <b>General and Capital Development Total</b>    | <b>12,000</b>   | <b>-</b>        | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>12,000</b>      |
|  |        |                | <b>Business Plan Prospective Projects Total</b> | <b>21,154</b>   | <b>6,340</b>    | <b>5,500</b>   | <b>5,500</b>   | <b>6,000</b>  | <b>44,494</b>      |
|  |        | <b>C801143</b> | <b>CIP Cashflow Mgmt - Corporate</b>            | <b>(8,200)</b>  | <b>2,000</b>    | <b>2,000</b>   | <b>2,500</b>   | <b>1,700</b>  | <b>-</b>           |
|  |        |                | <b>Central Services Division Total</b>          | <b>31,286</b>   | <b>11,194</b>   | <b>9,750</b>   | <b>9,501</b>   | <b>9,725</b>  | <b>71,456</b>      |

| Division/CIP Sponsor                             | Status | CIP     | Description                                | 2025             | 2026             | 2027             | 2028             | 2029           | 2025-2029<br>Total |
|--|--------|---------|--|------------------|------------------|------------------|------------------|----------------|--------------------|
| <b>Joint Venture Division</b>                    |        |         |  |                  |                  |                  |                  |                |                    |
| <b><u>Committed Projects</u></b>                 |        |         |  |                  |                  |                  |                  |                |                    |
| Lease & Asset Management                         | 3      | C800885 | JV Small Projects                          | 58               | -                | -                | -                | -              | 58                 |
|  | 4      | C800593 | West Waterway Deepening                    | 1,875            | 1,200            | 7,000            | 13,000           | 4,251          | 27,326             |
| <b>Lease &amp; Asset Management Total</b>        |        |         |  | <b>1,933</b>     | <b>1,200</b>     | <b>7,000</b>     | <b>13,000</b>    | <b>4,251</b>   | <b>27,384</b>      |
| <b>Committed Projects Total</b>                  |        |         |  | <b>1,933</b>     | <b>1,200</b>     | <b>7,000</b>     | <b>13,000</b>    | <b>4,251</b>   | <b>27,384</b>      |
| <b><u>Business Plan Prospective Projects</u></b> |        |         |  |                  |                  |                  |                  |                |                    |
| Lease & Asset Management                         | 2      | C800618 | EWV Deepening (53+2', 100%IW)              | -                | -                | 1,000            | 1,000            | 1,000          | 3,000              |
|  | 2      | C800755 | T30 Alaskan Way Street Vacatio             | -                | -                | 500              | 7,000            | -              | 7,500              |
| <b>Lease &amp; Asset Management Total</b>        |        |         |  | <b>-</b>         | <b>-</b>         | <b>1,500</b>     | <b>8,000</b>     | <b>1,000</b>   | <b>10,500</b>      |
| <b>Business Plan Prospective Projects Total</b>  |        |         |  | <b>-</b>         | <b>-</b>         | <b>1,500</b>     | <b>8,000</b>     | <b>1,000</b>   | <b>10,500</b>      |
| <b>Joint Venture Division Total</b>              |        |         |  | <b>1,933</b>     | <b>1,200</b>     | <b>8,500</b>     | <b>21,000</b>    | <b>5,251</b>   | <b>37,884</b>      |
| <b>Stormwater Utility Division</b>               |        |         |  |                  |                  |                  |                  |                |                    |
| <b><u>Committed Projects</u></b>                 |        |         |  |                  |                  |                  |                  |                |                    |
| SWU General                                      | 3      | C800837 | SWU Small Capital                          | 250              | 275              | 300              | 325              | -              | 1,150              |
|  | 5      | C801350 | T91 Berth 6&8 Add Storm Treat              | -                | -                | -                | -                | -              | -                  |
|  | 3      | C801369 | MIC Drainage Improvements                  | 23               | -                | -                | -                | -              | 23                 |
| <b>SWU General Total</b>                         |        |         |  | <b>273</b>       | <b>275</b>       | <b>300</b>       | <b>325</b>       | <b>-</b>       | <b>1,173</b>       |
| <b>Committed Projects Total</b>                  |        |         |  | <b>273</b>       | <b>275</b>       | <b>300</b>       | <b>325</b>       | <b>-</b>       | <b>1,173</b>       |
| <b><u>Business Plan Prospective Projects</u></b> |        |         |  |                  |                  |                  |                  |                |                    |
| SWU General                                      | 2      | C800894 | T5 Stormwater Longfellow Overflow Work     | -                | -                | -                | 1,250            | 1,250          | 2,500              |
|  | 2      | C801106 | Stormwater Decant Facility                 | 200              | 1,200            | -                | -                | -              | 1,400              |
|  | 2      | C801255 | SWU Small Cap Fleet                        | -                | 425              | -                | -                | -              | 425                |
|  | 2      | C801391 | FT Green Stormwater Infrastructure Retro.  | 200              | 250              | -                | -                | -              | 450                |
|  | 2      | C801397 | SBM Stormwater Vault Retrofit              | 200              | -                | -                | -                | -              | 200                |
|  | 2      | C801398 | T91 6&8 Stormwater                         | 400              | -                | -                | -                | -              | 400                |
|  | 2      | C801399 | SBM Green Stormwater Infrastructure Retro. | 100              | 200              | 200              | -                | -              | 500                |
| <b>SWU General Total</b>                         |        |         |  | <b>1,100</b>     | <b>2,075</b>     | <b>200</b>       | <b>1,250</b>     | <b>1,250</b>   | <b>5,875</b>       |
| <b>Business Plan Prospective Projects Total</b>  |        |         |  | <b>1,100</b>     | <b>2,075</b>     | <b>200</b>       | <b>1,250</b>     | <b>1,250</b>   | <b>5,875</b>       |
| <b>Stormwater Utility Division Total</b>         |        |         |  | <b>1,373</b>     | <b>2,350</b>     | <b>500</b>       | <b>1,575</b>     | <b>1,250</b>   | <b>7,048</b>       |
| <b>Port of Seattle Total</b>                     |        |         |  |                  |                  |                  |                  |                |                    |
| <b>Committed Capital Projects Total</b>          |        |         |  | <b>1,151,020</b> | <b>956,701</b>   | <b>574,476</b>   | <b>392,253</b>   | <b>364,711</b> | <b>3,439,160</b>   |
| <b>Business Plan Prospective Projects Total</b>  |        |         |  | <b>259,591</b>   | <b>327,145</b>   | <b>440,530</b>   | <b>586,617</b>   | <b>538,741</b> | <b>2,152,623</b>   |
| <b>CIP Cashflow Adjustment Reserve Total</b>     |        |         |  | <b>(207,331)</b> | <b>1,308</b>     | <b>161,963</b>   | <b>42,360</b>    | <b>1,700</b>   | <b>(0)</b>         |
| <b>Total CIP</b>                                 |        |         |  | <b>1,203,280</b> | <b>1,285,154</b> | <b>1,176,968</b> | <b>1,021,229</b> | <b>905,152</b> | <b>5,591,783</b>   |

| (\$ in 000's)  |                   |                   |                  |                  |                 | Total             |
|--|-------------------|-------------------|------------------|------------------|-----------------|-------------------|
| Project Name   | 2025              | 2026              | 2027             | 2028             | 2029            | 2025 - 2029       |
| T5 Reefer High Voltage Distribution                                | \$ 18,842         | \$ 3,022          | \$ -             | \$ -             | \$ -            | \$ 21,864         |
| T5 Container Yard Expansion  | 7,554             | 11,556            | -                | -                | -               | 19,110            |
| T5 Gate Complex  | 16,294            | -                 | -                | -                | -               | 16,294            |
| T5 Berth Construction - Phase 2 (1,450' south)                     | 14,479            | -                 | -                | -                | -               | 14,479            |
| T5 Phase II Uplands Paving   | 14,338            | 13                | -                | -                | -               | 14,351            |
| T5 Phase 2 Premises Management Reserve - capital                   | 4,000             | 8,397             | -                | -                | -               | 12,397            |
| T5 Reefer Demarcation Infrastructure                               | 6,716             | 1,333             | -                | -                | -               | 8,049             |
| T5 Roof Replacements   | 1,838             | 738               | -                | -                | -               | 2,576             |
| T5 IY Compressor Replacement                                       | 874               | -                 | -                | -                | -               | 874               |
| T5 Rail Bungalows Controls Upgrade                                 | 550               | 300               | -                | -                | -               | 850               |
| T5 Hydrant Replacement (31)  | 50                | 250               | 540              | -                | -               | 840               |
| T5 Stormwater Treatment System                                     | 681               | -                 | -                | -                | -               | 681               |
| T5 Main Low Voltage Substation Maint & Relay Replacement           | 660               | -                 | -                | -                | -               | 660               |
| T5 Roof Replacements - Gatehouse                                   | 59                | 461               | 71               | -                | -               | 591               |
| MARAD PIDP FY22 T5 Grant Admin                                     | 110               | 150               | 150              | -                | -               | 410               |
| MARAD PIDP T5 Grant Admin  | 120               | 150               | -                | -                | -               | 270               |
| T5 Intermodal Yard Improvements                                    | 153               | -                 | -                | -                | -               | 153               |
| T5 IY Improvement RESERVE - capital                                | 38                | -                 | -                | -                | -               | 38                |
| T5 Marine Building South   | 20                | -                 | -                | -                | -               | 20                |
| T46 Office Improvements  | 1,685             | -                 | -                | -                | -               | 1,685             |
| T46 N. Substation #1 Replacement                                   | 891               | 754               | -                | -                | -               | 1,645             |
| T46 Light Pole Replacement   | 510               | 250               | -                | -                | -               | 760               |
| T46 Install Removable Bull Rail                                    | 500               | -                 | -                | -                | -               | 500               |
| T46 Lighting Controls  | 450               | -                 | -                | -                | -               | 450               |
| T46 High Mast Lighting Retrofit                                    | 345               | -                 | -                | -                | -               | 345               |
| T46 Admin Bldg. Roof Top Unit Rebuild                              | 270               | -                 | -                | -                | -               | 270               |
| T46 Clean Truck Program  | 187               | -                 | -                | -                | -               | 187               |
| T46 Dock Ladders Replacement                                       | 175               | -                 | -                | -                | -               | 175               |
| T46 Fire Alarm Control System Replacement                          | 100               | -                 | -                | -                | -               | 100               |
| T30 Dock Rehabilitation  | 500               | 2,000             | 5,000            | 1,055            | -               | 8,555             |
| T30 Central Substation Replacement                                 | 665               | -                 | -                | -                | -               | 665               |
| T30 Ship Dock Water Boxes and Underdock Supply Piping              | 100               | 522               | -                | -                | -               | 622               |
| T30 North Fire Main Premise Isolation                              | 85                | -                 | -                | -                | -               | 85                |
| T25 Dock Rehabilitation -Design                                    | -                 | 1,054             | 4,000            | -                | -               | 5,054             |
| T25 Piping/Ship Water Box Replacements                             | 100               | 522               | -                | -                | -               | 622               |
| T18 Pile Cap Repairs Construction Only                             | 2,340             | 34,109            | 17,055           | -                | -               | 53,504            |
| T18 Shore Power Design   | 6,315             | -                 | -                | -                | -               | 6,315             |
| T18 On-Dock Rail Restoration and Capacity Expansion                | 250               | 1,798             | 1,566            | -                | -               | 3,614             |
| T18 Transtainer Runs   | 3,500             | -                 | -                | -                | -               | 3,500             |
| T18 Water Main & Valve Replacement South                           | 200               | 1,530             | 1,500            | -                | -               | 3,230             |
| T18 North Fender Replace   | 836               | 1,310             | 21               | -                | -               | 2,167             |
| T18 Lift Station Replacement                                       | 360               | 1,779             | -                | -                | -               | 2,139             |
| T18 Deepening - Design   | 432               | 500               | 250              | -                | -               | 1,182             |
| T18 Water Main & Valve Replacement North - Design                  | 350               | 650               | -                | -                | -               | 1,000             |
| T18 Pile Cap Repairs Design Only                                   | 170               | -                 | -                | -                | -               | 170               |
| T115 Clean Truck Program RFID (Domestic Terminals)                 | 310               | -                 | -                | -                | -               | 310               |
| T115 Roof Replacement Analysis - M&R Shop                          | 49                | 184               | -                | -                | -               | 233               |
| T115 - Roof Replacement Analysis Administration Building           | 37                | 110               | -                | -                | -               | 147               |
| T115 Substation 1 Replacement                                      | 190               | 20                | 2,500            | 3,500            | -               | 6,210             |
| T115 Water System & Hydrant Replacement - Design Only              | 51                | -                 | -                | -                | -               | 51                |
| Pier 17 Dolphin Replacement  | 146               | 221               | 321              | -                | -               | 688               |
| Pier 17 HVAC Controls  | 210               | -                 | -                | -                | -               | 210               |
| Jack Block Park Pier & Plaza Replacement                           | 2,000             | 4,450             | 3,500            | -                | -               | 9,950             |
| <b>North Harbor Total</b>  | <b>\$ 111,685</b> | <b>\$ 78,133</b>  | <b>\$ 36,474</b> | <b>\$ 4,555</b>  | <b>\$ -</b>     | <b>\$ 230,847</b> |
| T7 Infrastructure repairs and improvements                         | \$ 1,200          | \$ 14,226         | \$ 15,000        | \$ 15,000        | 6,419           | \$ 51,845         |
| T7 Security Enhancements   | 175               | -                 | -                | -                | -               | 175               |
| T7 Administration Building HVAC System Replacement                 | 150               | -                 | -                | -                | -               | 150               |
| T7 Berth C Cleat Replacement                                       | 125               | -                 | -                | -                | -               | 125               |
| PCT Wapato Creek Culvert Replacement                               | 1,200             | 1,500             | 16,450           | 15,850           | -               | 35,000            |
| PCT Reefer Racks & Plugs   | 450               | 4,450             | 9,800            | -                | -               | 14,700            |
| PCT Transfer Zone Pavement Reconstruction                          | 388               | 4,759             | -                | -                | -               | 5,147             |
| PCT Bollard Upgrades   | 275               | 1,691             | 1,691            | -                | -               | 3,658             |
| PCT LED Lighting Upgrade   | 800               | 2,040             | -                | -                | -               | 2,840             |
| PCT Shorepower - Design phase                                      | 375               | 1,000             | 1,350            | -                | -               | 2,725             |
| PCT Strad Bay Roof Replacement                                     | 12                | -                 | -                | -                | -               | 12                |
| Husky Terminal Expansion   | 1,000             | 5,000             | 10,000           | 3,500            | -               | 19,500            |
| Husky Area A5 & A6 Paving Repair                                   | 6,915             | -                 | -                | -                | -               | 6,915             |
| Husky Berth Area Dredge/ToeWall - Design                           | 1,200             | 200               | 95               | -                | -               | 1,495             |
| Terminal 3/4 Shorepower  | 45                | -                 | -                | -                | -               | 45                |
| WUT Bollard Upgrades   | 350               | 3,518             | 3,518            | -                | -               | 7,386             |
| WUT Berth Area Dredge/ToeWall - Design                             | 1,600             | 54                | -                | -                | -               | 1,654             |
| WUT Shore Power Prelim - Design                                    | 1,312             | 180               | -                | -                | -               | 1,492             |
| W Sitcum Terminal Wooden Light Pole Replacement                    | 7,000             | -                 | -                | -                | -               | 7,000             |
| W. Sitcum Main Substations Replacement                             | 2,112             | 700               | -                | -                | -               | 2,812             |
| West Sitcum Bldg. 950 Sewer Line Replacement                       | 1,590             | -                 | -                | -                | -               | 1,590             |
| W. Sitcum 11th street improvement                                  | 620               | -                 | -                | -                | -               | 620               |
| W Sitcum Clean Truck Program RFID (Domestic Terminals)             | 180               | -                 | -                | -                | -               | 180               |
| TOTE Clean Truck Program RFID (Domestic Terminals)                 | 152               | -                 | -                | -                | -               | 152               |
| Electric Straddle Carriers   | -                 | 5,000             | -                | -                | -               | 5,000             |
| Wooden Light Pole Replacement Program                              | 4,950             | 4,950             | -                | -                | -               | 9,900             |
| NWSA LED Conversion  | 1,519             | 344               | -                | -                | -               | 1,863             |
| PCS: Truck Experience Measurement- Implementation                  | 500               | 1,000             | 1,000            | -                | -               | 2,500             |
| Terminal Operating System Operational Data Access (implementation) | 300               | -                 | -                | -                | -               | 300               |
| EB1 Yard Reconfiguration   | 798               | -                 | -                | -                | -               | 798               |
| Blair Terminal Deepening - Design                                  | 100               | 100               | -                | -                | -               | 200               |
| AWC Asphalt Replacement and Stormwater                             | 1,000             | 350               | -                | -                | -               | 1,350             |
| <b>South Harbor Total</b>  | <b>\$ 38,393</b>  | <b>\$ 51,063</b>  | <b>\$ 58,905</b> | <b>\$ 34,350</b> | <b>\$ 6,419</b> | <b>\$ 189,129</b> |
| <b>NWSA Total</b>  | <b>\$ 150,078</b> | <b>\$ 129,195</b> | <b>\$ 95,379</b> | <b>\$ 38,905</b> | <b>\$ 6,419</b> | <b>\$ 419,976</b> |
| <b>Port of Seattle's 50% funding total</b>                         | <b>\$ 75,039</b>  | <b>\$ 64,598</b>  | <b>\$ 47,689</b> | <b>\$ 19,453</b> | <b>\$ 3,210</b> | <b>\$ 209,988</b> |

## **X. PLAN OF FINANCE**



## **2025-2029 DRAFT PLAN OF FINANCE**

### **A. INTRODUCTION**

The Port's Draft Plan of Finance provides a funding plan for anticipated capital investments in the Port's businesses. In the 2025-2029 Draft Plan of Finance (the Plan), the Port separates its capital improvement plan (CIP) and funding resources between the Airport and Seaport businesses. The Port owns and operates Seattle-Tacoma International Airport (the "Airport") and its CIP is self-funded with resources derived from the Airport. The Port's Seaport CIP shares funding resources derived from its non-airport businesses, which include the Maritime division and the Port's share in the Northwest Seaport Alliance (NWSA); it also includes the Port's tax levy.

The Airport is the largest airport in Washington State and serves Seattle and surrounding areas. The Airport is the Port's largest business operation with income from airline leases, non-airline leases, concession agreements, and direct operations. These income sources form the basis of much of the Airport's capital funding. Additionally, the Airport has access to certain airport-specific fees and grants. The Airport is described in Section IV, "Aviation."

The Port's Seaport businesses include the Port's fifty percent (50%) interest in the NWSA, a joint venture with the Port of Tacoma. Both ports have licensed certain marine cargo facilities (i.e., shipping container terminals and certain related industrial properties) to the NWSA, which acts as the exclusive manager and operator of the associated marine cargo business of both ports. The individual ports retain their existing governance structures, budgeting, and ownership of licensed assets, debt, and obligations for repayment of port debt. However, under NWSA management, the two ports' marine cargo terminal investments, operations, planning, and marketing efforts are unified with the goal of strengthening the Puget Sound as an international cargo gateway. Revenue from the NWSA is the largest source of Seaport income for the Port. For additional information on the NWSA, please refer to Section XII, "The Northwest Seaport Alliance (NWSA)", or visit their website: <https://www.nwseaportalliance.com>

The Port's Maritime Division consists of the cruise business, the grain terminal, commercial moorage, industrial and commercial properties, and recreational marinas. Following a recent business reorganization, the Maritime Division now includes most of the businesses and capital projects formerly of the Port's *Economic Development Division*, including the Port's conference and events center, as well as other commercial, retail, and industrial properties. The Port's broader economic development activities including tourism and diversity in contracting remain with the Economic Development division. Please refer to Sections V, "Maritime" and VI, "Economic Development" for additional information on the Maritime and Economic Development Divisions, respectively.

In addition to the Port's operating divisions, Central Services departments provide professional and technical services to the operating divisions and to the NWSA (per service agreements) as described in Section VII, "Central Services."

The Port also has a storm water utility business, which assesses utility fees and ensures that those fees are utilized for storm water maintenance and infrastructure improvements on Port properties. The utility funds its capital plan through the rates it sets for its customers – the Port, the NWSA and their tenants – and cannot use utility revenues to support other Port businesses; it is therefore excluded from the Port's Plan of Finance.

## **B. OVERVIEW OF THE DRAFT PLAN OF FINANCE**

Each year, the Port prepares the Plan as part of its capital management process. The Plan provides a framework for the funding of the Port's anticipated CIP, and is designed as a flexible tool, providing guidance to the Commission and Port staff as planning and investment decisions are made during the coming year. The Plan is based on a five-year CIP (2025-2029) to provide better guidance on longer-term funding.

Each year, the Commission is presented with the Port's five-year CIP and associated funding analysis. By final budget action, the Commission approves the CIP and establishes the level of the Port's tax levy for the coming year. The first year of the CIP represents the Port's capital budget for the following year (i.e. "2025 Capital Budget"). Each quarter, capital spending forecasts are updated, and actual spending is compared against the approved capital budget; this is reviewed quarterly by Port management and periodically by the Port Commission. The forecast is intended to be sufficiently conservative so that budget variances can be accommodated through mid-year adjustments or as part of the 2026 Budget. Staff will continue to closely monitor changes in business conditions. The 2025-2029 Plan maintains funding resiliency over the long term, positioning the Port to adapt financially to future uncertainty and potential adversity.

The Plan was developed to meet certain financial targets. This includes a target for the Airport of 1.40x coverage on Airport revenue bond debt service (minimum coverage established in the Airport's airline lease agreement is consistent with the Intermediate lien of 1.25x), and a target for the Seaport businesses of 1.80x on Seaport-related revenue bond debt service. Additionally, the Airport operating fund balance target is 18 months of Airport related operating and maintenance expenses (O&M), while the minimum General Fund target balance is 12 months of Seaport O&M. The Plan was developed so that these targets are met in most years; temporary declines below the targets may be tolerated if the Plan projects a rebound to meet at least the minimum targets.

Since 1991, the Port Commission has authorized its property tax levy below the maximum allowable amount, thus preserving flexibility for the Port to increase the levy if needed. In 2025, the Port will raise the levy by 2.0% to \$88.4M, which continues to be below the maximum statutory authority of approximately \$117.9M. The Plan assumes the annual levy continues at 75% of the Port's maximum allowable levy, an approximate 2% increase annually from 2026-2029.

Consistent with policy, the Plan assumes no more than 75% of the annual tax levy will be used for Limited Tax General Obligation (G.O.) bond debt service, thus retaining at least 25% for general purposes. The Plan assumes that additional G.O. bonds are issued beginning in 2026, and that approximately 52% of the 2025 levy will be used to pay existing G.O. bond debt service in 2025. This policy is more restrictive than the Port's statutory authority for G.O. bond debt. Based on statute, the Port estimates \$1.7B of remaining capacity of non-voted G.O. bond debt as of 12/31/2024. For more tax levy information, see Section VIII "Tax Levy."

### C. OVERVIEW OF THE FUNDED CIP

The final funded 2025-2029 CIP is the result of an iterative process that begins with operating and capital forecasts developed and approved by each operating division. These forecasts are then reviewed in the context of the Port's projected capital funding capacity, with a final review by Port Executive staff and Commission. The final forecasts, including the CIP, are incorporated into the Budget and into the Plan. For information on the Port's CIP, see Section IX "Capital Improvement Plan."

Within the CIP, projects are divided into categories that reflect their status in the project development process and determine their funding priority.

- Committed: Committed projects are deemed necessary to achieve key operating and/or financial goals, have undergone financial analysis, and have received at least division-level review and preliminary scoping. This includes projects that are authorized and underway as well as projects not yet authorized, but ready for Commission-level review. These projects receive a specific funding commitment in the CIP.
- Prospective: Prospective projects may also be deemed necessary to achieve operating and/or financial goals but are not yet well-scoped and therefore are less certain as to timing or funding requirements. Prospective projects can be re-classified as Committed once they have met the necessary criteria, so it is important that the capital funding plan is flexible enough to accommodate these projects as well as other changes to the CIP. Prospective projects are further subdivided into two categories as follows:
  - Business Plan Prospective: Projects that are prospective because of uncertainty of scope and timing but are deemed to be critical for achieving operating and/or financial goals. This category may include projects that are contingent obligations associated with leases or other agreements.
  - Other Prospective: Projects that are still in preliminary planning or that are not currently deemed critical in meeting operating and/or financial goals.
- Public Expense Projects: In addition to the CIP, the Port provides funding for several public projects, particularly in the areas of regional transportation and certain noise mitigation expenditures. Because these projects do not result in Port-owned assets, they are accounted for as a non-operating expense (i.e. not capitalized); however, they use the same funding sources as capital projects and are included in the funding analysis for the Plan.
- Major Liabilities: The Port may need to fund certain major liabilities that are not part of its normal operations, including legacy environmental remediation. The Plan includes funding for anticipated liabilities.
- CIP Reserve: The CIP includes one or more "reserves" that serve as placeholders for unspecified future capital projects or cost increases for existing projects. Port staff previously developed a CIP Reserve policy, which was intended to improve the sizing and timing of CIP Reserve(s) by incorporating insights from historical spending trend analysis.
- CIP Cashflow Adjustment: 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 to adjust each division's CIP cashflows to better reflect expected project spending trends in aggregate. These adjustments affect the *timing* of cash flows only and do not impact the total five-year CIP.

Committed projects are designated for funding and are the basis of the Plan. The Plan also includes all Business Plan Prospective projects. As described above, the Port's overall capital and funding approach for the Plan is separated between Airport and Seaport. The Airport is subject to certain regulatory restrictions, and as such, its CIP is funded separately from the Port's Seaport businesses. The Seaport CIP includes the Maritime Division CIP, the Port's assumed 50% funding of the NWSA CIP, and certain legacy projects related to the Port's container terminals that are assumed to be funded only by the Port of Seattle. Both the Airport and Seaport operations fund an allocated portion of Central Services CIP.

Note: The Plan below excludes approximately \$7.0M of storm water utility capital projects from 2025-2029, which are to be funded with restricted storm water utility funds (fees) only. The storm water utility capital projects are, however, included in the Port CIP presented in Table IX-1 of Section IX, "Capital Improvement Plan."

#### **D. 2025-2029 FUNDING PLAN**

##### **AIRPORT**

The Aviation Division's 2025-2029 CIP costs an estimated \$4.9B, and includes the following five major projects, which total an estimated \$2.0B during the five-year period:

- **Baggage Optimization:** Reconfiguration and optimization of the baggage screening equipment to improve operational efficiency and increase capacity. The new outbound baggage system will accommodate 60 million annual passengers.
- **C Concourse Expansion:** Construct four additional floors on top of the airport's existing C1 building to meet space needs for passenger restrooms, concessions, passenger lounges and other tenant offices.
- **SEA Gateway:** Redevelop space at the north end of the Main Terminal Ticketing Level to improve passenger processing, security throughput, and to elevate the overall passenger experience.
- **S Concourse Evolution:** Renovate and modernize the South Concourse facility to upgrade systems, reprogram the public-facing areas, and to add duty-free, retail, and dining opportunities.
- **Main Terminal Improvement:** Replace critical systems of the Main Terminal and address building code compliance issues.

In addition to these major projects, there are many other projects, both new and on-going, which are meant to help the Port manage existing assets in the form of renewal and replacement, improve capacity to accommodate projected growth at the Airport, and/or improve overall customer service, safety and security at the Airport including the acquisition of the SeaTac Office Center (STOC) near the Airport. The Aviation Division's CIP includes CIP Reserves which cover undefined future projects, potential budget increases to existing projects, and future projects required to maintain existing systems. The CIP also assumes Sustainable Airport Master Plan (SAMP) preliminary planning and design spending of \$246.2M through 2029 but does not include potential projects to be identified in the SAMP, as discussed in Section IV, "Aviation." For more details about the Airport CIP, see Section IX, "Capital Improvement Plan."

**TABLE X-1: 2025-2029 AIRPORT CIP (\$ MILLIONS)**

|   | <u>2025</u>       | <u>2026</u>       | <u>2027</u>     | <u>2028</u>     | <u>2029</u>     | <u>Total<br/>2025-2029</u> |
|---|-------------------|-------------------|-----------------|-----------------|-----------------|----------------------------|
| <b>Mega Projects</b>                    |                   |                   |                 |                 |                 |                            |
| S Concourse Evolution                   | \$ 114.8          | \$ 168.6          | \$ 180.0        | \$ 178.3        | \$ 226.3        | \$ 868.0                   |
| Baggage Optimization                    | 74.7              | 90.4              | 103.5           | 107.2           | 83.1            | 458.8                      |
| SEA Gateway                             | 156.4             | 80.8              | 49.9            | -               | -               | 287.2                      |
| C Concourse Expansion                   | 142.8             | 110.3             | 20.4            | -               | -               | 273.5                      |
| Main Terminal Improvement               | 7.8               | 13.5              | 13.0            | 70.8            | 72.8            | 178.0                      |
| <b>Subtotal - Mega Projects</b>         | <b>\$ 496.5</b>   | <b>\$ 463.6</b>   | <b>\$ 366.8</b> | <b>\$ 356.2</b> | <b>\$ 382.3</b> | <b>\$ 2,065.4</b>          |
| <b>Other Capital Projects</b>           | 540.0             | 452.1             | 243.0           | 162.0           | 107.2           | 1,504.4                    |
| <b>SAMP Preliminary Planning/Design</b> | 6.7               | 36.0              | 53.5            | 77.5            | 72.5            | 246.2                      |
| <b>Proposed New Projects</b>            | 29.7              | 84.8              | 83.2            | 85.3            | 79.0            | 362.1                      |
| <b>CIP Reserves <sup>(1)</sup></b>      | 131.0             | 26.0              | 124.6           | 195.0           | 215.0           | 691.6                      |
| <b>CIP Cash Flow Adjustment Reserve</b> | (167.0)           | 66.8              | 100.2           | -               | -               | -                          |
| <b>Total Airport CIP</b>                | <b>\$ 1,037.0</b> | <b>\$ 1,129.4</b> | <b>\$ 971.3</b> | <b>\$ 876.1</b> | <b>\$ 855.9</b> | <b>\$ 4,869.8</b>          |
| <b>Allocated Corporate CIP</b>          | 25.4              | 9.1               | 7.9             | 7.7             | 7.9             | 58.0                       |
| <b>Total Airport Funded CIP</b>         | <b>\$ 1,062.4</b> | <b>\$ 1,138.5</b> | <b>\$ 979.2</b> | <b>\$ 883.8</b> | <b>\$ 863.8</b> | <b>\$ 4,927.7</b>          |

Note:

(1) Approximately \$270M of the Airport CIP may need to be deferred due to funding constraints.

The funding of the Airport CIP includes Airport net income, both existing and future revenue bond proceeds, as well as expected federal grant money for capital improvements supporting the airfield pavement program, noise mitigation, restroom upgrades, checkpoint 1 relocation and other roadway, equipment and lighting projects near the Airport. The Airport has incorporated federal grant-funding awarded under the Bipartisan Infrastructure Law (BIL) in the Plan in support of the South Concourse Evolution project.

Airport funding from revenue bonds and net income is based on achieving a target of 1.40x revenue bond debt service coverage on revenue bonds used to fund Airport facilities; for the 2025-2029 CIP.

Passenger Facility Charge (PFC) collections, net of PFCs applied to pay existing revenue bond debt service, may also provide capital funding; however, in the 2025-2029 funding plan, PFCs are not assumed as a direct capital funding source. The Plan assumes, however, that \$509.5M of the \$518.3M forecasted PFC collections during the forecast period are applied towards eligible revenue bond debt service, and any surplus is retained in the PFC fund balance.

Customer Facility Charge (CFC) collections, net of the payment of operating and debt service costs associated with the Consolidated Rental Car Facility, provide additional capital funding for Consolidated Rental Car Facility infrastructure upgrades and the acquisition of buses.

The levy has not traditionally been used for capital 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, residential sound insulation, and noise mitigation improvements assumed as Public Expense (non-capital) spending.

**TABLE X-2: 2025-2029 AIRPORT CIP FUNDING (\$ MILLIONS)**

(Totals may not add due to rounding).

|   |                  |
|---|------------------|
| <i>Airport Funding Sources</i>                      |                  |
| Future revenue bond proceeds                        | \$ 3,302.6       |
| Operating cash <sup>(1)</sup>                       | 598.7            |
| Existing revenue bond proceeds                      | 412.4            |
| Grants  | 323.9            |
| Customer Facility Charges (CFC)                     | 20.1             |
| <b>Total Airport Funding Sources <sup>(2)</sup></b> | <b>\$4,657.7</b> |
| <i>Airport Capital</i>                              |                  |
| Airport CIP   | \$ 4,599.8       |
| Allocated Central Services CIP                      | 58.0             |
| <b>Total Airport Funded Capital <sup>(2)</sup></b>  | <b>\$4,657.7</b> |

Note:

- 1) Includes airport income available after payment of revenue bond debt service.
- 2) Approximately \$270M of the Airport CIP may need to be deferred due to funding constraints.

In addition to the above funding plan for capital projects, the Airport's Plan includes \$9.5M of expenditures for Public Expense Projects. For more details about the Port's public expense projects and their funding, see Section IX, "Capital Improvement Plan."

## **SEAPORT**

The 2025-2029 Seaport CIP costs an estimated \$946.6M. This includes the CIP from the Maritime Division and the Port's 50% funding share of the NWSA CIP. It also includes certain legacy costs, such as channel deepening-related projects at the Port's container terminals, that are assumed to be funded only by the Port of Seattle. The Plan allocates Seaport funding resources, including the tax levy and G.O. bonds, based on management guidelines as described in section F, entitled, "PORT OF SEATTLE FUNDING GUIDELINES."

The Maritime Division CIP focuses on investments in facilities and infrastructure to support the Port's Fishing, Cruise and Recreational Marinas lines of business and its commitment to the environment.

- **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.
- **Fishermen's Terminal Maritime Innovation Center:** Rehabilitate the historic Seattle Ship Supply building with advanced sustainability and resiliency features and provide incubation space for emerging maritime businesses.
- **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,

More information on specific Maritime Division projects can be found in Section IX, “Capital Improvement Plan.”

Additionally, the Seaport funding plan includes 50% funding of all “Open” projects within the NWSA 2025-2029 CIP. Open projects are on-going projects or projects ready to move forward that have customer commitment or a high degree of certainty. In some cases, the “Open” projects may include design costs only with the construction component to be added to the CIP once the project is further defined. The capital investment plan presented in the NWSA budget includes both capital and expense projects. Within the Port’s Plan, the Port’s share of NWSA expense projects reduce forecasted revenues generated from the NWSA (i.e. NWSA NOI) while the Port’s share of NWSA capital projects are included in the capital funding needs.

Significant NWSA projects 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.

NWSA “Estimate” projects, which are based on an identified business need or opportunity but have not been fully developed in scope and cost, are *excluded* from the NWSA CIP. Additional information on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

The Port includes in its funding plan certain “legacy projects” that are related to NWSA facilities but are the assumed obligation of the Port, such as channel deepening. Additionally, the Port carries a CIP Reserve of approximately \$80M over 2025-2029 to account for future NWSA projects that are not “Open” and therefore not in the NWSA CIP.

Seaport CIP funding sources include net income, excess General Fund cash above the minimum balance target, capital grants, new G.O. bonds, and new revenue bonds.

The funding of the Seaport CIP is based on the income projections associated with the Maritime Division and the Port’s share of the NWSA forecasted cash flow. The Plan assumes the use of new first lien revenue bonds beginning in 2027 and targets 1.80x debt service coverage on aggregate Seaport-related revenue bond debt.

In addition, the Port assumes approximately \$53M in Harbor Maintenance Tax (HMT) funding between 2025-2029. This HMT forecast is based on 2024 collections. For additional discussion on the status of HMT, please refer to Section XII, “The Northwest Seaport Alliance.”

Tax Levy funding as presented in Table X-3 below represents tax levy cash available for capital funding, after the payment of G.O. Bond debt service and other obligations. The Plan is based on the 2025 tax levy of \$88.4M and annual increases of approximately 2% from 2026-2029. The Port also expects to leverage the tax levy in the form of future G.O. Bonds to partially fund the 2025-2029 Seaport CIP. The Plan includes the use of new G.O. bonds beginning in 2026.

**TABLE X-3: 2025-2029 SEAPORT CIP FUNDING (\$ MILLIONS)**

(Totals may not add due to rounding).

|   |                 |
|---|-----------------|
| <i>Seaport Funding Sources</i>                  |                 |
| Future G.O. bond proceeds                       | \$ 127.0        |
| Operating cash <sup>(1)</sup>                   | 354.5           |
| Future revenue bond proceeds                    | 172.5           |
| Existing G.O. bond proceeds                     | 184.9           |
| Grants  | 39.2            |
| Harbor Maintenance Tax (HMT)                    | 53.4            |
| Tax Levy  | 15.1            |
| <b>Total Seaport Funding Sources</b>            | <b>\$ 946.6</b> |
| <i>Seaport Capital</i>                          |                 |
| Maritime CIP                                    | \$ 605.6        |
| NWSA - 50% Share (North & South Harbor)         | 210.0           |
| NWSA - Reserve and Port projects <sup>(2)</sup> | 117.5           |
| Total   | \$ 933.2        |
| Allocated Central Services CIP                  | 13.5            |
| <b>Total Seaport Funded Capital</b>             | <b>\$ 946.6</b> |

Notes:

- 1) Includes Seaport income available after payment of revenue bond debt service.
- 2) Includes a \$79.6M NWSA CIP reserve, North Harbor channel deepening, and other 100% Port legacy costs in the North Harbor.

In order to develop the Plan, the Port accounts for certain non-operating costs that use the same funding resources. The most significant are public expense projects and legacy environmental remediation projects. See section F, “Capital Planning Resources” below.

The Port expects to use approximately \$28M of tax levy funds that are currently set aside into the Commission-designated Transportation & Infrastructure Fund (TIF) to pay the Port’s contribution towards multiple public expense projects for regional freight mobility and transportation. The Plan also includes \$2.6M of expenditures for certain public expense projects to be funded by the tax levy and operating funds. These and other projects are focused on improving regional transportation and public access for the long-term vitality of the greater Seattle area. For more details about the Port’s public expense projects and their funding, please see Section VIII, “Tax Levy,” and Section IX, “Capital Improvement Plan.”

The Port owns properties that contain environmental contamination. Remediation of these liabilities has traditionally been paid from the Port’s tax levy. This use of the tax levy is factored into the Plan and is also described in Section VIII, “Tax Levy.”



## **CENTRAL SERVICES**

The Central Services CIP consists predominantly of technology projects associated with critical infrastructure and network security enhancements required to maintain compliance with established industry standards. The remainder of the Central Services CIP consists of fleet replacement and small capital acquisition, which largely relates to the replacement of equipment and assets that are at or beyond the end of their useful lives. Central Services CIP is allocated to and funded by the operating divisions, as presented above in Tables X-2 and X-3. See Section IX, “Capital Improvement Plan,” for additional information on the Central Services CIP.

## **FINANCIAL IMPLICATIONS AND RISKS**

The Plan above includes projects currently identified as Committed and Business Plan Prospective. The Plan incorporates revenue bond debt service coverage targets of 1.40x for the Airport and 1.80x for Seaport operations. Port-wide coverage for all revenue bond debt service (irrespective of lien) ranges from a low of 1.43x to a high of 2.02x over the five-year forecast period (calculated assuming that a portion of Airport revenue bond debt service is paid from PFCs and CFCs and that interest is capitalized during construction). Port-wide revenue bond debt service coverage is heavily influenced by the Airport’s larger use of revenue bonds, and as such aggregate coverage may be reduced over time with the issuance of additional Airport revenue bonds given the lower Airport-specific debt service coverage target.

There are several risks that have been considered within the Plan. Operating income forecasts are developed conservatively; nonetheless they are subject to risks including changes in the business environment and operations, inflation, global economic and political forces and other unforeseen events. While Committed projects are fairly certain, Business Plan Prospective projects have more uncertainty with regards to scope and timing; an increase in costs or an acceleration of schedule for these projects could change the funding forecast. In addition, the Plan does not include Other Prospective projects, which are projects not currently moving forward but may be required for security, renewal and replacement or to address changes in the business environment, nor “Estimate” projects for the NWSA. If such projects were to move forward, adding them to the Plan could change the funding forecast, although the Port has CIP Reserves to help mitigate this risk. In addition, the forecast is based on assumptions related to operating income and the level of the Port’s tax levy; changes in these assumptions could affect the Plan results as well. To minimize coverage impacts or manage funding shortfalls, the Port could employ several options including:

- Delay or reduce project spending.
- Further reduce operating costs or identify additional revenues.
- Utilize alternative financing for appropriate projects, e.g. public-private partnerships or special revenue bonds.
- Seek additional grant funding.
- Increase airline rates and charges within the limitations of the Airport’s operating agreement.
- Increase the tax levy or G.O. bonds, subject to statutory constraints.
- Implement the Industrial Development District levy.

Prior to implementation, these mechanisms would be further evaluated in the context of business planning, asset/liability management goals and Port policy objectives. Given potential costs and/or risks associated with each, it is likely that the Port would pursue a balanced approach to minimizing coverage impacts by utilizing a combination of options.

## **E. FINANCING INITIATIVES**

As presented above in Table X-2, the Plan anticipates approximately \$3.3B of future Airport revenue bond needs during the forecast period, which may require a bond issue as early as 2025 to fund a portion of those costs. The Plan also anticipates the need to issue \$127M of future G.O bonds (see Table X-3) some of which may be issued as early as 2026 to partially fund the Seaport capital plan. The Port maintains flexibility in its funding plan and financing initiatives with access to bridge financing resources. The Port also has a \$400M commercial paper (CP) program, of which \$250M is backed by direct pay letters of credit. The CP is secured by the Port's net operating revenues on the Revenue Bond Subordinate Lien. As of December 1, 2024, no CP is currently outstanding. These facilities can provide initial funding if the Port chooses to postpone the issuance of long-term debt.

As part of the Port's ongoing debt management, staff will continue to monitor opportunities to refund existing bonds for debt service savings, and to manage variable rate debt credit agreements and renewals.

## **F. CAPITAL PLANNING RESOURCES**

The following information on funding guidelines and financial model assumptions are resources for better understanding the Plan.

### **PORT OF SEATTLE FUNDING GUIDELINES**

Guidelines have been prepared to assist the Commission, Port management, and staff in decisions regarding the allocation of Port funds.

#### **Tax Levy and G.O. Bonds**

Generally, the Port has used tax levy funds for environmental remediation and regional transportation investments, and for certain Commission-endorsed capital projects and community programs charged to expense. Port policy guiding uses of tax levy funds may evolve as Port businesses and community goals change, but levy funding is particularly appropriate for capital projects that meet the following criteria:

- A long lag exists between capital costs and project revenues, or the project's financial return will not support revenue bond financing (i.e., the internal rate of return, or IRR, is less than the current cost of debt) and the project is considered a strategic initiative.
- The project generates economic or other benefits for taxpayers or supports a business that generates economic benefits but does not generate sufficient cash flow to fund the project.
- The project supports the NWSA and is located in the North Harbor.

The Port may also leverage the tax levy with G.O. bonds, however per policy no more than 75% of the annual tax levy may be devoted to paying annual G.O. bond debt service.

Based on these criteria, the Plan assumes tax levy/G.O. funding primarily for certain Port capital projects in support of fishing industry facilities, habitat restoration, waterfront improvements, strategic initiatives, renewal and replacement of certain Maritime facilities and certain NWSA capital projects located in the North Harbor. The levy has not traditionally been used for projects at the Airport, except for tax levy funding for noise mitigation investments and certain airport community support programs not eligible for airport funding.

The tax levy or G.O. bonds have also been used to fund public expense projects, such as the Port's payment to the Washington State Department of Transportation for the Puget Sound Gateway Program, SR 509 Completion Project. Similar to capital projects, public expense projects are expected to meet the criteria noted above to be eligible for tax levy or G.O. bond funding. The Port currently has tax levy funds set aside in the Commission-designated Transportation & Infrastructure Fund (TIF) to pay the Port's contribution towards multiple public expense projects for regional freight mobility and transportation.

In addition to funding capital projects and public expense, the tax levy has also funded certain legacy environmental remediation expenses. Beginning in 2024, those expenses are funded in part by the Environmental Legacy Fund (ELF) established on November 14, 2023, by the Commission to help pay for environmental remediation. The fund was established with an initial deposit of \$30M from the tax levy fund as a result of savings from bond refinancings and lower expenditures. Each year the Commission will review the ELF and assess the opportunity to make additional deposits. The Plan assumes a \$32M contribution of levy funds to ELF for 2025. As of December 31, 2023, the Port had recognized approximately \$113M 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.

Section VIII, "Tax Levy," describes the various uses of the tax levy including the funding of certain capital projects and environmental remediation costs.

### **Revenue Bonds**

Projects should earn at least the current cost of debt (in IRR terms) or otherwise be included in the airlines' rate base to be eligible for revenue bond financing. A target revenue bond coverage ratio will be reviewed annually considering changing circumstances such as critical funding needs or changes in the airport-airline operating agreement. As mentioned above, the Port targets a minimum 1.40x coverage on Airport revenue bond debt service and 1.80x coverage on Seaport revenue bond debt service. An adequate cash flow margin (cash flow after debt service) will also be maintained for planning purposes.

### **Industrial Development District (IDD) Levy**

To be considered for IDD levy financing, projects should be critical to core Port business or other major strategic initiatives and should generate significant economic benefits for taxpayers. Additionally, projects must comply with all applicable legal requirements governing the use of the levy. See Section VIII, "Tax Levy" for additional information.

### **Grants and Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs)**

Airport projects eligible for Airport Improvement Program (AIP), Bipartisan Infrastructure Law grants, PFC funding, and CFC funding should be consistent with airport investment strategies and must comply with applicable regulations. Projects focus on high priority safety, security, and capacity efforts. Projects that are awarded grants from other federal, state, or local agencies should similarly be consistent with the Port's or NWSA's investment strategies and comply with the regulations of the grant-making authority. Funds provided from the HMT should comply with the laws and regulations applicable to use of those funds.

### **Funding vs. Asset Life**

Project funding should in all cases closely match the life of the particular asset financed. For example, long-term financing in the form of 20-30 year revenue or General Obligation (G.O.) bonds should only be used for assets having economic lives in a similar range or longer. Shorter-lived assets should be funded through “pay-as-you-go” or other short-term financing structures.

## **2025 DRAFT PLAN OF FINANCE ASSUMPTIONS**

### **Capital Improvement Plan**

Capital spending projections are aligned with the capital presentations provided to the Port Commission in October and November 2024 and are included in Section IX “Capital Improvement Plan.”

### **Capital Capacity Calculations**

The Port’s capital capacity calculations combine projections of operating revenues, expenses, non-operating items (including tax levy funds and collections), debt service, and capital spending to determine Port debt financing requirements. Assumptions used in the Plan include:

- Interest earned on restricted and unrestricted funds based on 3.50% in 2025 and 2.0% from 2026-2029.
- All future bonds (revenue and G.O.) issued in 2025-2029 assume a 5.25% fixed interest rate.
- Future bond issuances assume a 25-year term.
- *First Lien* is the assumed working lien for future Seaport revenue bond debt. The Port forecasts \$172.5M total of Seaport revenue bond issuance during the forecast period.
- *Intermediate Lien* is the primary working lien for future fixed rate Airport revenue bond debt; approximately 90% of the future bond issuances for the Airport are assumed to be funded on the Intermediate Lien.
- *Subordinate Lien* is the assumed lien for the remaining approximately 10% of future variable rate Airport revenue bond debt. The Port has a 25% variable rate debt limit.
- 1% gross-up assumed for all future debt issuance to account for costs of issuance.
- 5.25% and 9% *additional* gross-up assumed for the Debt Service Reserve Fund contribution (cash funded) for future Aviation and Seaport revenue bond debt, respectively.
- Gross-up for future Aviation debt issuance for assumed 12 months of Capitalized Interest for most projects and up to 24 months on a few select projects.
- 3.50% interest assumed for 2025 and 2.90% interest assumed for 2026-2029 on variable rate bonds (issued in 2008), based on projections of short and long-term tax-exempt variable rates.
- 2025 operating revenue and expense forecasts are based on the 2025 Final operating budget as of November 2024, with adjustments as appropriate.

### **Tax Levy**

- The Port’s tax levy projections are based on a \$88.4M levy in 2025, which represents a 2.0% increase from the 2024 levy amount. The levy is assumed to increase by an additional approximately 2.0% annually from 2026-2029 and will remain at approximately 75% of the projected maximum allowable levy during this time.
- Policy limit of no more than 75% of the annual tax levy devoted to paying annual G.O. bond debt service. A tax levy projection model is used to forecast future year assessed value amounts that can

affect the forecasted maximum statutory levy.

## **Revenue and Expense Assumptions**

### **Airport**

- The planning assumption for Airport passenger levels affects non-aeronautical revenues and the PFC and CFC collections; it also affects the rates charged to airlines under the cost recovery formulas. For the 2025 Budget, the Airport is assuming passenger volume at 26.7 million enplaned passengers.
- Airport aeronautical revenues are determined according to a cost recovery model for airline-utilized property and facilities at the Airport. In September 2022, the Port reached an agreement on an extension of the Signatory Lease and Operating Agreement (SLOA IV) which expires on December 31, 2024. The five-year operating income forecast is based on the SLOA IV cost recovery provisions. A new airline agreement is expected to be approved in December 2024 and implemented in 2025 with similar cost recovery provisions.
- SLOA IV established several types of fees designed to recover operating and capital costs of the associated aeronautical facilities on the Airfield and in the Air Terminal. The Airfield is comprised of three areas: The Airfield Apron Area, the Airfield Movement Area and the Airfield Commercial Area, and related costs and fees are calculated separately for each area. Terminal rental rates are based in part on the Terminal Building Requirement, which is computed by multiplying the total of budgeted operating expenses and capital costs, including debt service and debt service coverage (if required), allocated to the terminal, by the ratio of airline rentable space to total rentable space, less any non-signatory airline premiums included in rent payable by non-signatory airlines.

SLOA IV also includes cost recovery on cash-funded assets through an amortization calculation for assets placed in service from 1992 on. The Airport assumes the risk of any vacant non-airline space, in addition to any vacant publicly accessible airline office or club space. Use of the baggage system, passenger loading bridges, airline support systems and equipment and the federal inspection facility is calculated and charged separately; these are also based upon operating expenses and capital costs, and the Port may use non-aeronautical revenues to offset costs associated with the federal inspection facility cost center. A Majority-in-Interest of the airlines can delay new project construction, but not design, for up to 12 months.

Under SLOA IV, revenue sharing was phased out, ending in 2019. The Airport can charge the airlines additional debt service coverage if Airport coverage is below 1.25 times.

- Airport non-aeronautical revenues are based on forecasted passenger levels and the revenue terms of current leases and agreements associated with non-aeronautical businesses.
- Expense projections are based on estimates developed as part of division business planning
- Operating environmental costs are included in O&M expense, if applicable.
- Certain non-operating revenues and expenses are included; for example, interest earnings, debt-related fees, public expense items and non-operating environmental expenses.
- Federal Airport Improvement Program (AIP) grant reimbursement projects are based on estimated spending on eligible projects and standard reimbursement rates of 75%-80%. Grants from the Bipartisan Infrastructure Law, as enacted in the Infrastructure Investment and Jobs Act in 2021, the Washington State Department of Commerce and the U.S. Department of Transportation are also included in the total grant funding amount.
- Passenger Facility Charges (PFCs) are estimated based on projected enplanement levels and PFCs applied to pay debt service on Revenue Bonds.
- Customer Facility Charges (CFCs) are estimated based on forecasted transaction days of car rentals at the Airport multiplied by a forecasted daily rate. CFC income (net of debt service) is expected to fund

on-going Consolidated Rental Car Facility capital projects.

Seaport

- Revenue and expense projections for the Maritime Division's and expense projections for the Economic Development Division's long-range operating forecasts are based largely on the terms of existing lease agreements and projected activity levels for any applicable volume-based revenues. Revenues generated from certain new investments were included.
- Cruise, a significant contributor to Maritime net income, forecasted 2025 passengers and revenue based on a risk-adjusted cruise schedule and assumed 104% occupancy for all sailings in 2025. Other Maritime revenues, in aggregate, are expected to increase in 2025 and grow gradually thereafter.
- The Port assumed 50% of the forecasted NWSA NOI (before Depreciation) adjusted for the Terminal 46 Contra Revenue as Port operating revenue. 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. As a result, the Port's recognized Distributable Revenue is less than 50 percent of the NWSA total. Additional information on the NWSA operating budget can be found in Section XII, "The Northwest Seaport Alliance (NWSA).
  - The NWSA will distribute cash to each Port based on cash flow from operations, calculated pursuant to General Accepted Accounting Principles (GAAP) plus non-operating net cash flow from interest earnings and capital grants. Cash distributions will be made no less than quarterly based on each Port's percentage of total shares. The NWSA is treated as a joint venture for accounting purposes and the Port expects to recognize as Gross Revenue its 50% share of the NWSA Net Income or Losses (as defined in the NWSA Charter to mean, for each fiscal year or other period, an amount equal to the NWSA net operating income or losses less depreciation plus non-operating income or losses, determined in accordance with GAAP).
- Operating environmental costs are included in O&M expense, if applicable.
- Certain non-operating revenues and expenses are included; for example, interest earnings, debt-related fees, and the payment of public expenses and non-operating environmental remediation.

Central Services

Central Services expenses are largely distributed to the operating divisions through various formulas, with a few specific exceptions. These exceptions are incorporated into the Seaport funding plan and paid from Seaport resources.

## **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 was 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 were published on October 31 and November 7, 2024, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The notices included announcements: that copies of the preliminary budget would be available for distribution to any interested persons on October 24, 2024; that the introduction of the preliminary 2025 Budget and public hearing would be held on November 12, 2024; and that the adoption of the 2025 Budget would be held on November 19, 2024. The final statutory budget was filed with the King County Council on November 26, 2024, as allowed by RCW 53.35.045. The Port also adopted 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 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**

|                                     | <b><u>Budget 2024</u></b> |                           | <b><u>Budget 2025</u></b> |                           |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                     | <b><u>Levy Rate</u></b>   | <b><u>Levy Amount</u></b> | <b><u>Levy Rate</u></b>   | <b><u>Levy Amount</u></b> |
| <b>For General Obligation Bonds</b> | \$ 0.0416                 | \$ 34,682,284             | \$ 0.0531                 | \$ 45,544,159             |
| <b>For General Purposes</b>         | 0.0624                    | 51,982,297                | 0.0500                    | 42,845,785                |
| <b>Total</b>                        | <b>\$ 0.1040</b>          | <b>\$ 86,664,580</b>      | <b>\$ 0.1031</b>          | <b>\$ 88,389,944</b>      |

#### **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 31st of October and 7th 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.



The block contains five horizontal lines, each with a handwritten signature in blue ink. The signatures are stylized and appear to be of different individuals. The first signature is at the top, followed by four more below it.

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.



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

x

1.01000

=

116,472,407

Highest Lawful Levy Since 1985

Limit Factor/Max Increase 101%

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

\*

0.10445

÷

1,000

=

1,089,477

A.V.

Last Year's Levy Rate

C. Tax Increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in B & D cannot be included in C)

119,065,880

\*

0.10445

÷

1,000

=

12,436

A.V.

Last Year's Levy Rate

D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).

0

-

8,059,914,440

=

0

Current Year's A.V.

Previous Year's A.V.

0

\*

0.10445

÷

1,000

=

0

Remainder from Line D

Last Year's Levy Rate

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

÷

857,405,377,651

\*

1,000

=

0.13712

Total in Line E

Assessed Value Less Annexed AV

G. Annexed area's current assessed value including new construction and improvements, times the rate in Line E.

0

\*

0.13712

÷

1,000

=

0

Annexed Area's A.V.

Last Year's Levy Rate

H. Regular property tax limit including annexation

E+G

=

117,574,321

I. 1<sup>st</sup> 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

-

+

0.00000

=

0.45000

District base levy rate

Fire or RFA Rate

Library Rate

Firefighter Pension Fund

Statutory Rate Limit

857,405,377,651

\*

0.45000

÷

1,000

=

385,832,420

Regular Levy AV

Reg Statutory Rate Limit

851,907,671,014

\*

0.00000

÷

1,000

=

0

Excess Levy AV

Excess Statutory Rate Limit

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**

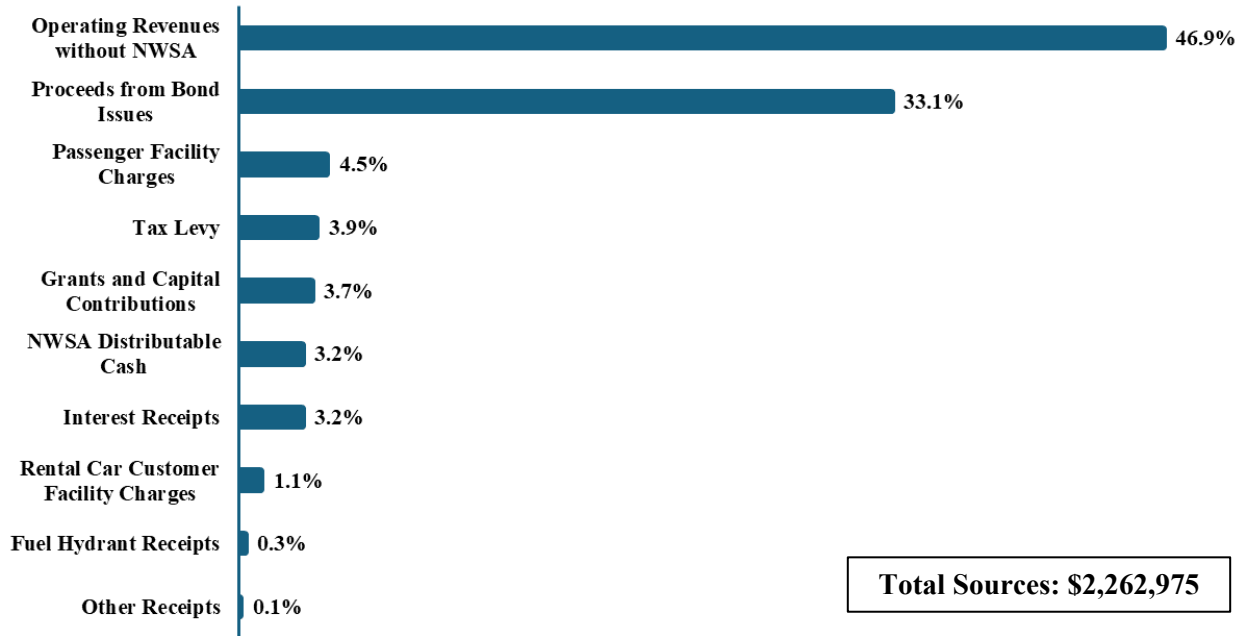
**TABLE XI-3: FORECASTED CASH FLOW SUMMARY**

| (\$ in 000's)                                      | <b>2025</b>      | <b>Percent<br/>of Total</b> |
|--|------------------|-----------------------------|
| <b>Beginning balance of cash &amp; investments</b> | <b>2,025,796</b> |                             |
| <b><u>SOURCES OF CASH</u></b>                      |                  |                             |
| Operating Revenues without NWSA                    | 1,061,260        | 46.9%                       |
| NWSA Distributable Cash                            | 72,796           | 3.2%                        |
| Interest Receipts                                  | 72,631           | 3.2%                        |
| Proceeds from Bond Issues                          | 750,000          | 33.1%                       |
| 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%                        |
| <b>Total</b>                                       | <b>2,262,975</b> | <b>100%</b>                 |
| <b>Anticipated available funds</b>                 | <b>4,288,772</b> |                             |
| <b><u>USES OF CASH</u></b>                         |                  |                             |
| <b>Expenses from Operations:</b>                   |                  |                             |
| Total Operating Expenses                           | 678,288          | 27.7%                       |
| <b>Debt Service:</b>                               |                  |                             |
| Interest Payments                                  | 224,114          | 9.2%                        |
| Bond Redemptions                                   | 235,468          | 9.6%                        |
| Total Debt Service                                 | 459,582          | 18.8%                       |
| Other Expenses                                     | 23,204           | 0.9%                        |
| Public Expense                                     | 7,597            | 0.3%                        |
| Payment to NWSA for Capital Expenditures           | 75,039           | 3.1%                        |
| Capital Expenditures                               | 1,203,280        | 49.2%                       |
| <b>Total</b>                                       | <b>2,446,990</b> | <b>100%</b>                 |
| <b>Ending balance of cash &amp; investments</b>    | <b>1,841,781</b> |                             |
| <b>Increase (decrease) of cash during year</b>     | <b>(184,015)</b> |                             |

CASHFLW.xlsx

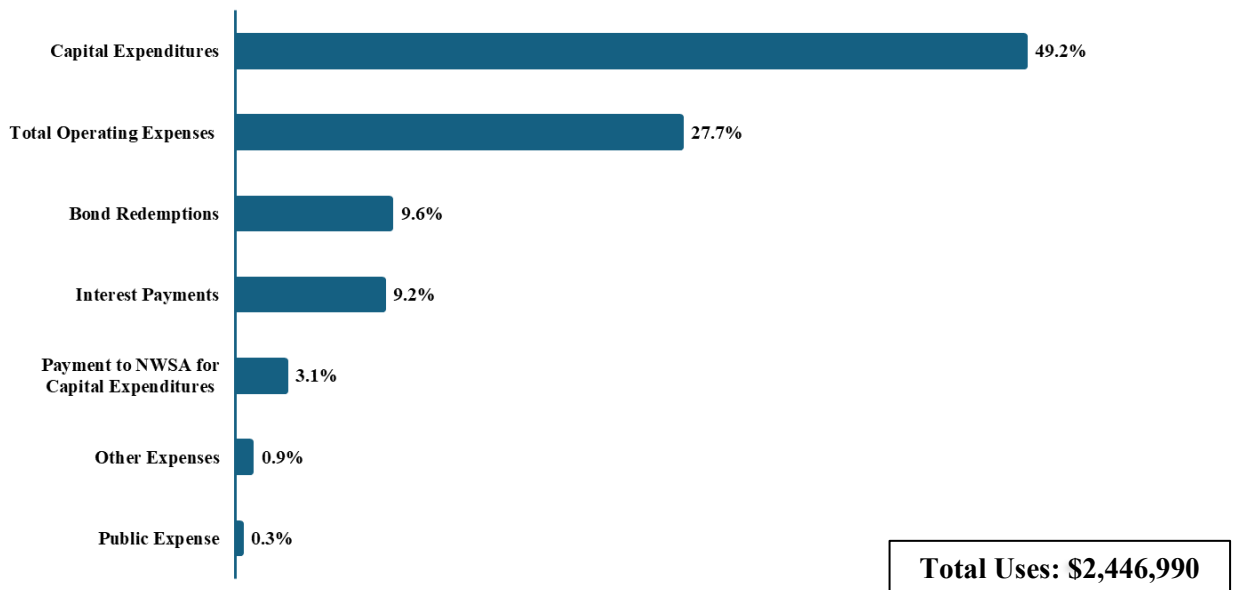
**FIGURE XI-1: SOURCES OF CASH**

(\$ in 000's)



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

(\$ in 000's)





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



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

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

The NWSA is a joint venture with the Port of Tacoma for the management of certain facilities licensed to the NWSA including the Port's container terminals. Each Port is a 50% member – receives 50% of distributable revenue and provides 50% 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)                                       | 2022             | 2023             | 2024             | 2025             | % Change               |
|---|------------------|------------------|------------------|------------------|------------------------|
| Notes   | Actual           | Actual           | Budget           | Budget           | 2024 Bud -<br>2025 Bud |
| <b>Revenue</b>                                      |                  |                  |                  |                  |                        |
| 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%                   |
| <b>Subtotal</b>                                     | <b>53,403</b>    | <b>55,820</b>    | <b>55,084</b>    | <b>56,221</b>    | <b>2.1%</b>            |
| Other Service Revenue Tenant Reimbursements         | 1,978            | 1,817            | 797              | 699              | -12.3%                 |
| <b>Total Revenues</b>                               | <b>55,381</b>    | <b>57,636</b>    | <b>55,881</b>    | <b>56,920</b>    | <b>1.9%</b>            |
| <b>Expense</b>                                      |                  |                  |                  |                  |                        |
| Maintenance Expenses                                | 569              | 680              | 493              | 521              | 5.7%                   |
| JV Direct   | 1,122            | 1,559            | 92               | 139              | 51.8%                  |
| Security  | 182              | 202              | 217              | 239              | 10.3%                  |
| Environment & Sustainability                        | 271              | 566              | 825              | 355              | -56.9%                 |
| Cost Recovery                                       | 169              | 249              | 291              | 313              | 7.5%                   |
| Waterfront Project Management                       | 120              | 44               | 145              | 45               | -69.0%                 |
| Central Services / Other                            | 107              | 168              | 208              | 151              | -27.4%                 |
| <b>Total Operating Expenses w/o Pension Credit</b>  | <b>2,539</b>     | <b>3,466</b>     | <b>2,270</b>     | <b>1,763</b>     | <b>-22.3%</b>          |
| DRS Pension Credit                                  | (278)            | (283)            | -                | -                | NA                     |
| <b>Total Operating Expenses with Pension Credit</b> | <b>2,261</b>     | <b>3,183</b>     | <b>2,270</b>     | <b>1,763</b>     | <b>-22.3%</b>          |
| <b>NOI Before Depreciation</b>                      | <b>53,120</b>    | <b>54,453</b>    | <b>53,611</b>    | <b>55,157</b>    | <b>2.9%</b>            |
| Legacy Depreciation for NWSA Facilities             | 14,744           | 14,683           | 14,236           | 14,211           | -0.2%                  |
| <b>NOI After Depreciation</b>                       | <b>\$ 38,376</b> | <b>\$ 39,770</b> | <b>\$ 39,376</b> | <b>\$ 40,946</b> | <b>4.0%</b>            |

JVRNOL.xlsx

The Port also makes capital investments. The Port provides 50% 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.

## Table of Contents

|   |              |
|---|--------------|
| <b>Memo from John Wolfe, CEO .....</b>                    | <b>i</b>     |
| <b>Budget Document Overview .....</b>                     | <b>ii</b>    |
| <b>I. The Northwest Seaport Alliance Overview.....</b>    | <b>I-1</b>   |
| <b>II. Budget Message.....</b>                            | <b>II-1</b>  |
| <b>III. Business Outlook.....</b>                         | <b>III-1</b> |
| <b>IV. Operating Budget.....</b>                          | <b>IV-1</b>  |
| <b>V. Capital Investment Plan.....</b>                    | <b>V-1</b>   |
| <b>VI. Environmental Stewardship &amp; Planning .....</b> | <b>VI-1</b>  |
| <b>Appendix A NWSA Full Time Personnel.....</b>           | <b>A-1</b>   |
| <b>Appendix B NWSA Memberships.....</b>                   | <b>A-2</b>   |

| <b><u>Figure</u></b> |   | <b><u>Page Number</u></b> |
|----------------------|---|---------------------------|
| I-1                  | Northwest Seaport Alliance Facilities – Seattle Harbor..... | I-6                       |
| I-2                  | Northwest Seaport Alliance Facilities – Tacoma Harbor.....  | I-7                       |
| I-3                  | The Northwest Seaport Alliance Organizational Chart.....    | I-8                       |
| V-1                  | Five-Year Capital Investment Plan by Line of Business ..... | V-4                       |

## Tables

| <b><u>Table</u></b> |   | <b><u>Page Number</u></b> |
|---------------------|---|---------------------------|
| III-1               | Cargo Activity Five-Year Forecast .....                                   | III-3                     |
| IV-1                | Statement of Revenue, Expenses and Distributable Income by Business ..... | IV-4                      |
| IV-2                | Operating Revenue and Expense Detail.....                                 | IV-5                      |
| IV-3                | Statements of Revenues, Expenses and Changes in Net Position .....        | IV-6                      |
| IV-4                | Allocations and Direct Charges Summary.....                               | IV-7                      |
| IV-5                | NWSA Five-Year Financial Forecast .....                                   | IV-7                      |
| V-1                 | Planned Capitalized Project Spending.....                                 | V-2                       |
| V-2                 | Five-Year Planned Capital Investment Plan by Purpose .....                | V-3                       |
| V-3                 | Five-Year Planned Capital Investment Plan by Accounting Treatment .....   | V-3                       |
| V-4                 | Five-Year Planned Major Projects by Line of Business.....                 | V-3                       |
| V-5                 | Depreciation Impact due to Capitalized Projects .....                     | V-3                       |





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

---

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 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 58<sup>th</sup> 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.

### **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](http://www.nwseaportalliance.com).

The NWSA streams all Managing Member meetings live on the website, which are archived for future viewing.

Citizens may contact the Managing Members by calling 800-657-9808. Correspondence may be mailed to:

The Northwest Seaport Alliance  
P.O. Box 2985  
Tacoma, WA 98401-2985

### **Organizational Structure**

The NWSA's daily operations are led by the Chief Executive Officer and the NWSA Executive Team. See the Organizational Chart (Figure I-3 on page I-8).

### **Executive Team**

The Executive Team is comprised of the following positions:

- Chief Executive Officer (CEO)
- Deputy CEO
- General Counsel
- Chief Commercial and Strategy Officer
- Chief Financial Officer
- Chief Operations Officer
- 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 contribute 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 terminals. 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.

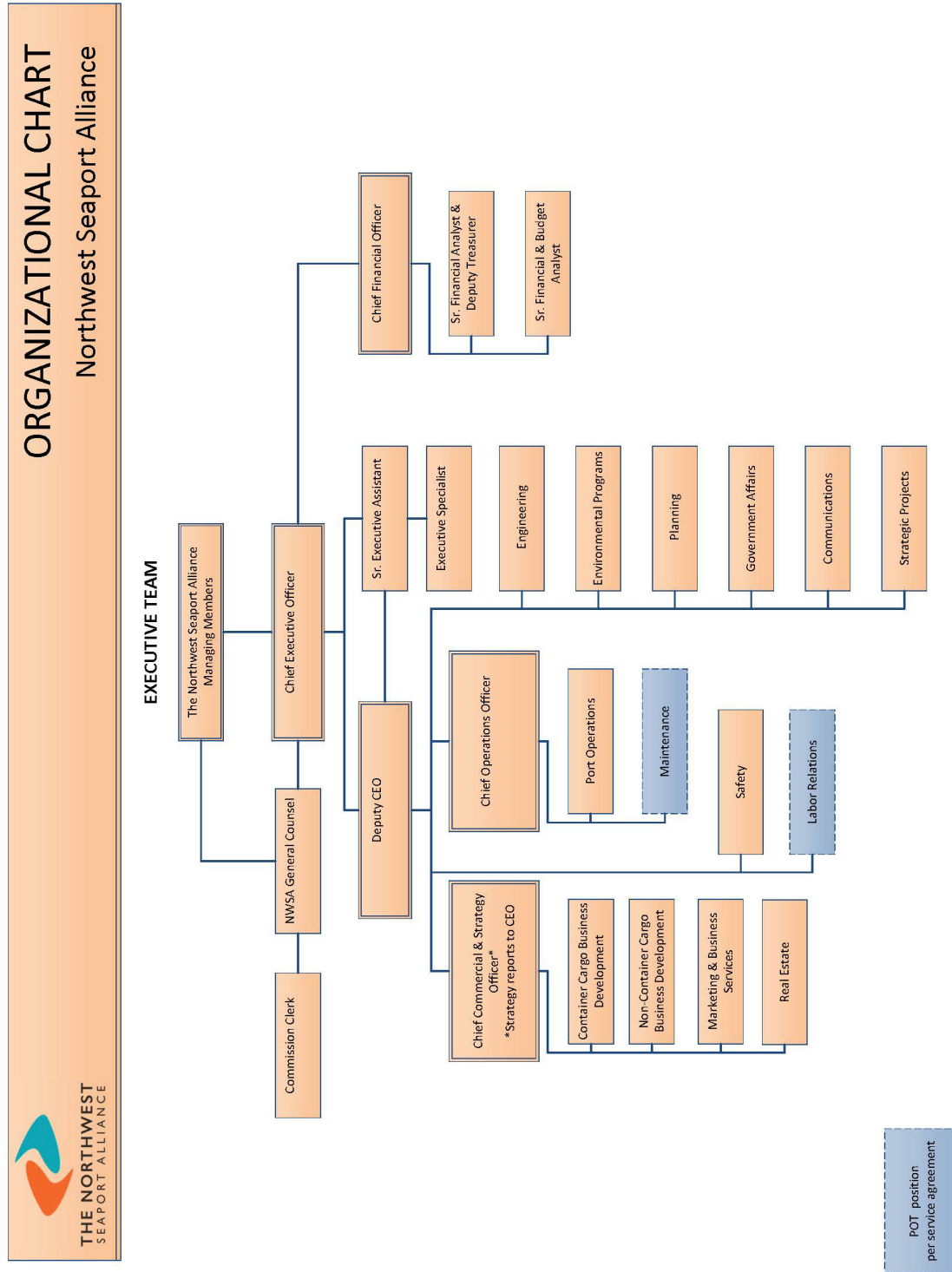
Figure I-1.... Northwest Seaport Alliance Facilities – Seattle Harbor





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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 ensure 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 of shore power systems at PCT and WUT
- Ongoing maintenance of facilities

The Northwest Seaport Alliance Budget

### 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 was awarded a PIDP grant of \$11.6 million 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 by the end of 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.

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. In 2024, 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. 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

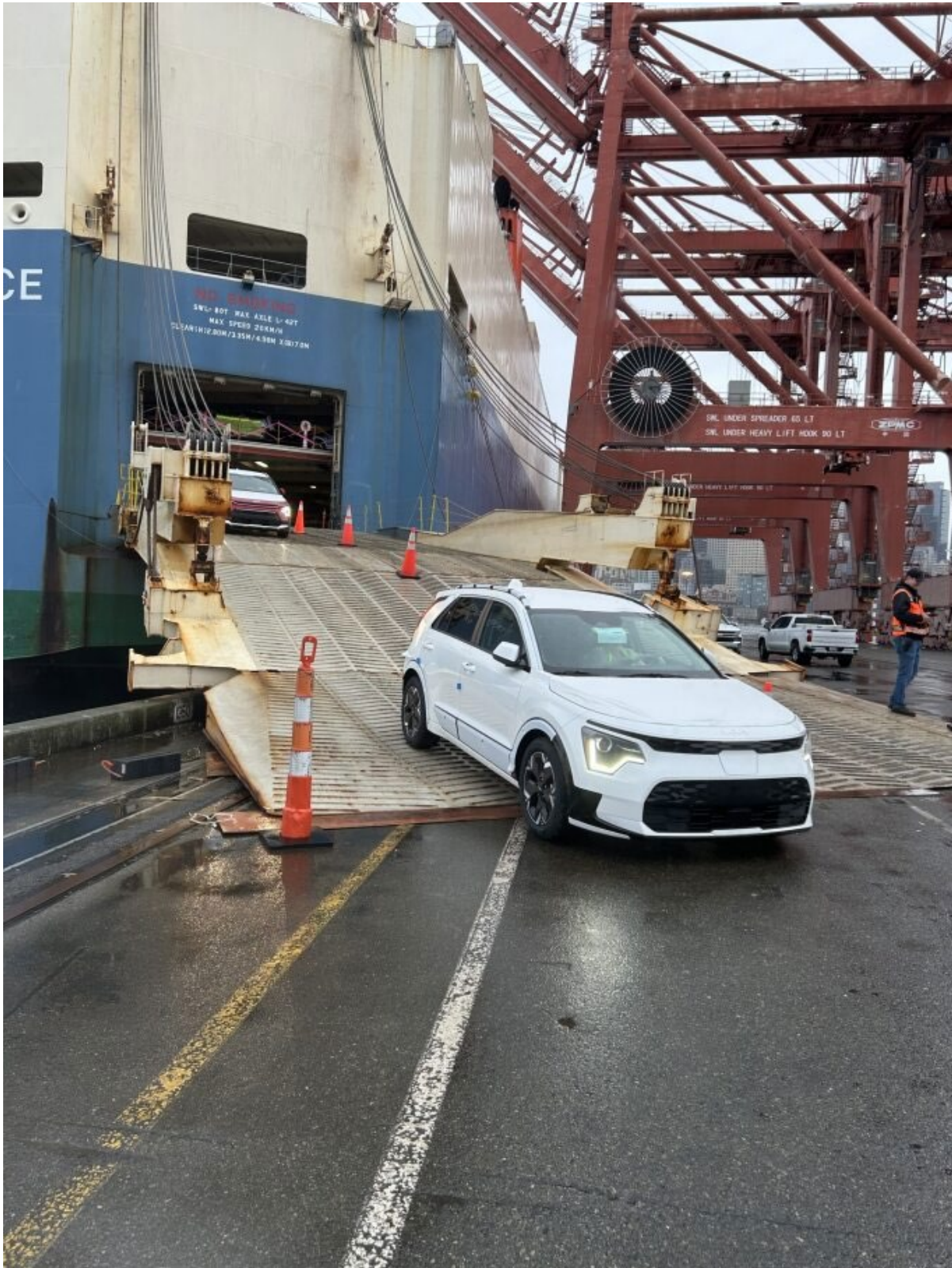
The realities of the changes in the global economy have led all ports to examine business and operational strategies.

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 remain 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    |             |             |             |             |             |             |
|   | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> |
| 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               |             |             |             |             |             |             |             |             |             |             |             |

\* 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 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 personal knowledge 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<br>Actual | 2024<br>Budget | 2024<br>Forecast | 2025<br>Budget |
|--|----------------|----------------|------------------|----------------|
| <b>Operating Revenues</b>                          |                |                |                  |                |
| 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            |
| <b>Total Operating Revenues</b>                    | <b>238.4</b>   | <b>252.8</b>   | <b>265.1</b>     | <b>268.5</b>   |
| <b>Direct and Maintenance Expenses</b>             |                |                |                  |                |
| 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           |
| <b>Total Direct &amp; Maintenance Expenses</b>     | <b>80.8</b>    | <b>93.8</b>    | <b>97.1</b>      | <b>107.8</b>   |
| <b>Administration</b>                              | 18.9           | 24.5           | 21.9             | 26.3           |
| <b>Security</b>                                    | 4.6            | 3.8            | 3.8              | 5.3            |
| <b>Environmental</b>                               | 2.6            | 2.1            | 2.5              | 4.1            |
| <b>Total Operating Expense before Depreciation</b> | 107.0          | 124.2          | 125.4            | 143.5          |
| <i>Operating Income before depreciation</i>        | <i>131.5</i>   | <i>128.7</i>   | <i>139.7</i>     | <i>125.0</i>   |
| <b>Depreciation &amp; Amortization</b>             | 21.0           | 29.4           | 24.8             | 28.9           |
| <b>Total Operating Expense</b>                     | <b>128.0</b>   | <b>153.6</b>   | <b>150.2</b>     | <b>172.4</b>   |
| <b>Income from Operations</b>                      | <b>\$110.5</b> | <b>\$99.3</b>  | <b>\$114.9</b>   | <b>\$96.1</b>  |
| <i>Return on Revenue</i>                           | <i>46.3%</i>   | <i>39.3%</i>   | <i>43.3%</i>     | <i>35.8%</i>   |
| Non Operating Income (Expense)                     | 4.9            | 15.0           | 0.9              | 20.6           |
| <b>Distributable Income before Special Item</b>    | <b>115.4</b>   | <b>114.3</b>   | <b>115.7</b>     | <b>116.7</b>   |
| Special Item                                       |                |                |                  |                |
| <b>Distributable Income</b>                        | <b>\$115.4</b> | <b>\$114.3</b> | <b>\$115.7</b>   | <b>\$116.7</b> |
| <b>Distributable Cash</b>                          | <b>\$136.4</b> | <b>\$143.7</b> | <b>\$140.6</b>   | <b>\$145.6</b> |

\* Amounts may not foot due to rounding.

Table IV-2....Operating Revenue and Expense Detail\*

| (\$ millions)                          | 2023<br>Actual | 2024<br>Budget | 2024<br>Forecast | 2025<br>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            |
| <b>Operating Revenue</b>               | <b>238.4</b>   | <b>252.8</b>   | <b>265.1</b>     | <b>268.5</b>   |
| 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.   | <b>107.0</b>   | <b>124.2</b>   | <b>125.4</b>     | <b>143.5</b>   |
| <i>Operating Income before Depr.</i>   | <i>131.5</i>   | <i>128.7</i>   | <i>139.7</i>     | <i>125.0</i>   |
| Depreciation & Amortization            | 21.0           | 29.4           | 24.8             | 28.9           |
| <b>Total Operating Expenses</b>        | <b>\$128.0</b> | <b>\$153.6</b> | <b>\$150.2</b>   | <b>\$172.4</b> |
| <b>Operating Income</b>                | <b>\$110.5</b> | <b>\$99.3</b>  | <b>\$114.9</b>   | <b>\$96.1</b>  |
| <i>Return on Revenue</i>               | <i>46.3%</i>   | <i>39.3%</i>   | <i>43.3%</i>     | <i>35.8%</i>   |
| Non Operating Revenue and Expenses     | 4.9            | 15.0           | 0.9              | 20.6           |
| Net Assets Before Special Items        | <b>115.4</b>   | <b>114.3</b>   | <b>115.7</b>     | <b>116.7</b>   |
| Increase in Net Assets                 | <b>\$115.4</b> | <b>\$114.3</b> | <b>\$115.7</b>   | <b>\$116.7</b> |
| <b>Distributable Cash (calculated)</b> | <b>\$136.4</b> | <b>\$143.7</b> | <b>\$140.6</b>   | <b>\$145.6</b> |

\* Amounts may not foot due to rounding.

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

|   | 2023<br>Actual | 2024<br>Forecast | 2025<br>Budget | Change from<br>Prior Year<br>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%                                 |
| <b>Operating Income</b>                             | <b>110.5</b>   | <b>114.9</b>     | <b>96.1</b>    | <b>-16.4%</b>                         |
| <b>Non Operating Revenues (Expenses)</b>            |                |                  |                |                                       |
| 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%                                |
| <b>Total Non Operating Income (Expense)</b>         | <b>4.9</b>     | <b>0.9</b>       | <b>20.6</b>    | <b>2259.7%</b>                        |
| <b>Net Distributable Revenue (Net Income)</b>       | <b>115.4</b>   | <b>115.7</b>     | <b>116.7</b>   | <b>0.8%</b>                           |
| <b>Distributable Cash</b>                           |                |                  |                |                                       |
| 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%                                 |
| <b>Distributable Cash*</b>                          | <b>136.4</b>   | <b>140.6</b>     | <b>145.6</b>   | <b>3.6%</b>                           |
| <b>Net Position</b>                                 |                |                  |                |                                       |
| 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%                                  |
| <b>Net Position end of year</b>                     | <b>\$628.6</b> | <b>\$669.7</b>   | <b>\$790.9</b> | <b>18.1%</b>                          |

\* 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<br>Actual | 2024<br>Budget | 2024<br>Forecast | 2025<br>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....Five-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)       |
| <b>Operating Income</b>                    | <b>96.1</b>  | <b>94.7</b>  | <b>94.9</b>  | <b>101.2</b> | <b>107.8</b> |
| 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          |
| <b>Net Distributable Revenue</b>           | <b>116.7</b> | <b>112.2</b> | <b>115.2</b> | <b>115.9</b> | <b>112.1</b> |
| <br><b>Distributable Cash (calculated)</b> | <br>\$145.6  | <br>\$156.1  | <br>\$163.0  | <br>\$168.0  | <br>\$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 at Terminal 7D in the South 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 of shore power system at T18, WUT, and PCT
- Design of berth dredging and toe wall at Husky and WUT terminals

Maintenance investments:

- Wharf rehabilitation at T18
- Rehabilitate Wapato creek culvert
- Maintenance dredging at several container terminals of both harbors
- 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           |
| <b>Grand Total</b> | <b>\$ 134.4</b> | <b>\$ 90.6</b> | <b>\$ 58.8</b> | <b>\$ 53.6</b> | <b>\$ 65.9</b> | <b>\$ 150.1</b> | <b>\$ 129.2</b> | <b>\$ 95.4</b> | <b>\$ 38.9</b> | <b>\$ 6.4</b> |

### Capital Investment Plan Priorities

To efficiently allocate human and financial resources, the alliance uses a capital project prioritization methodology. For internal management, the alliance uses two categories:

- **Open:** These are ongoing projects or projects ready to move forward that have customer commitment or a high degree of certainty. Only open projects are included in the budget.
- **Estimate:** These are projects based on an identified business need or opportunity but have not been fully developed in scope and cost.

### Capital Investment Plan Projects by Purpose

The alliance classifies CIP projects into three types, (as shown below in Table V-2):

- **Revenue Renewal:** Projects developed to renovate or replace obsolete or aging revenue-producing assets. These projects serve to extend existing revenue streams or ensure existing streams are not lost and may offer additional revenue if replacements enhance the efficiencies of operations or offer additional capabilities or value.
- **Infrastructure:** Projects developed to enhance infrastructure, support multiple or future customers or to enhance public infrastructure. Sometimes, other public agencies may participate in funding. Infrastructure projects are often complex in nature, with multiple public agencies involved in the planning process and execution.
- **Revenue-Generating:** Projects developed for a specific customer that will result in a new revenue stream.

Table V-3 shows Open (excludes estimate) project expenditures during the five-year planning horizon as categorized by accounting treatment.

Accounting rules require some spending to be capitalized and depreciated over time, while other spending is expensed as incurred.

The alliance's policy is to capitalize all asset additions greater than \$20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The economic lives of capitalized assets range from three years to 20 years for machinery and equipment while economic lives of buildings and improvements range from 10 years to 75 years.

Table V-3 shows that the NWSA intends to implement \$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 3<sup>rd</sup> party funds if available. Expensed projects are funded by cash generated by the NWSA and grants, homeport funds, or other 3<sup>rd</sup> party funds if available.

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

(\$ Millions)

|                    | 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          |
| <b>Grand Total</b> | <b>\$169.8</b> | <b>\$144.7</b> | <b>\$108.4</b> | <b>\$46.4</b> | <b>\$12.1</b> | <b>\$481.3</b> |

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            |
| <b>Grand Total</b>    | <b>\$169.8</b> | <b>\$144.7</b> | <b>\$108.4</b> | <b>\$46.4</b> | <b>\$12.1</b> | <b>\$481.3</b> |

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           |
| <b>Grand Total</b>     | <b>\$169.8</b> | <b>\$144.7</b> | <b>\$108.4</b> | <b>\$46.4</b> | <b>\$12.1</b> | <b>\$481.3</b> |

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)          |
| <b>Grand Total</b>     | <b>\$ (4.1)</b> | <b>\$ (19.3)</b> | <b>\$ (23.4)</b> | <b>\$ (28.1)</b> | <b>\$ (30.9)</b> | <b>\$ (105.8)</b> |

Amounts may not foot due to rounding

## Capital Investment Plan Project Descriptions

The NWSA's five-year CIP has been categorized on a business basis, as shown in Figure V-1. The following section provides details of major planned improvements within each business and only includes major projects and equipment.

### Container Terminals Business

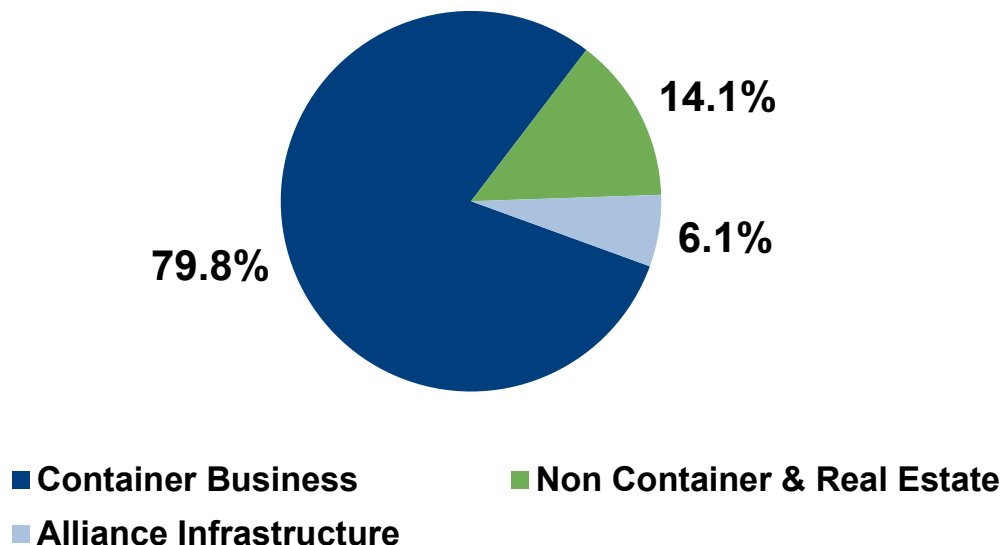
Planned capital expenditures for container terminals will total approximately \$384.1 million over the next five years. The CIP for this business will provide the

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 partners, 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.
- 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 and partners to develop a large commercial vessel Quiet Sound program. This program is managed by Maritime Blue and promotes 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, water quality treatment 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 draft 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 coalitions 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 and 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 new permits for Port and NWSA operated facilities, as well as assisting tenants with new regulations.

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 11<sup>th</sup> 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 2025 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 Plan. Continue utilizing drone technology for outfall and other permit required inspections, derelict vessel investigations, and shoreline mapping.
- Implement 2025 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 to cleaner 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 to 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 of [www.nwcleanports.org](http://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 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](http://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<br>Actual | 2024<br>Budget | 2024<br>Actual | 2025<br>Budget |
| Executive  | 9              | 9              | 10             | 11             |
| External Affairs<br>( 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                     | 75,400      |
| 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.

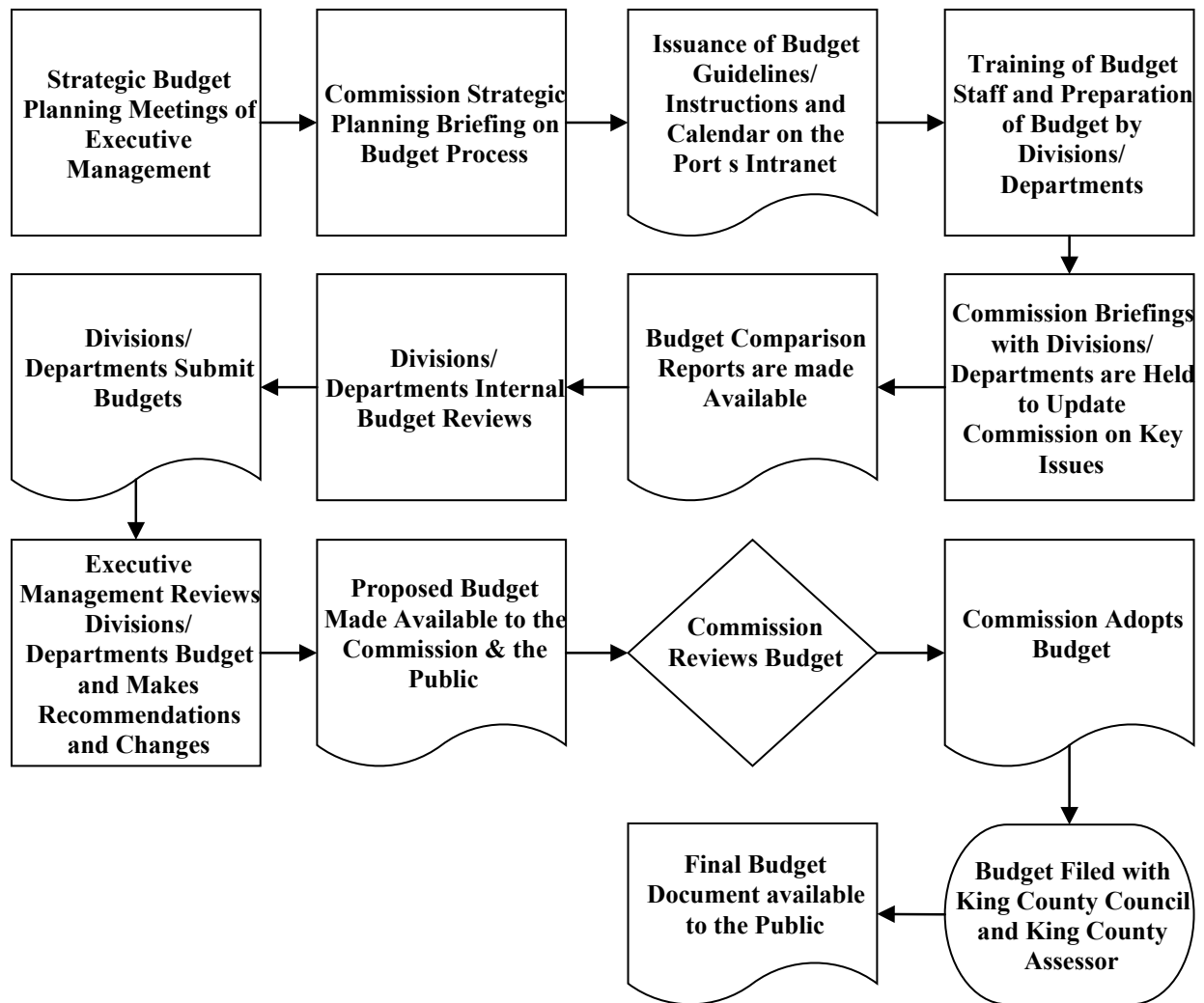
**e. Operating Budget Process:**

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 2025 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:**

| <b><u>Date</u></b> | <b><u>Activity</u></b>   |
|--------------------|--|
| 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.

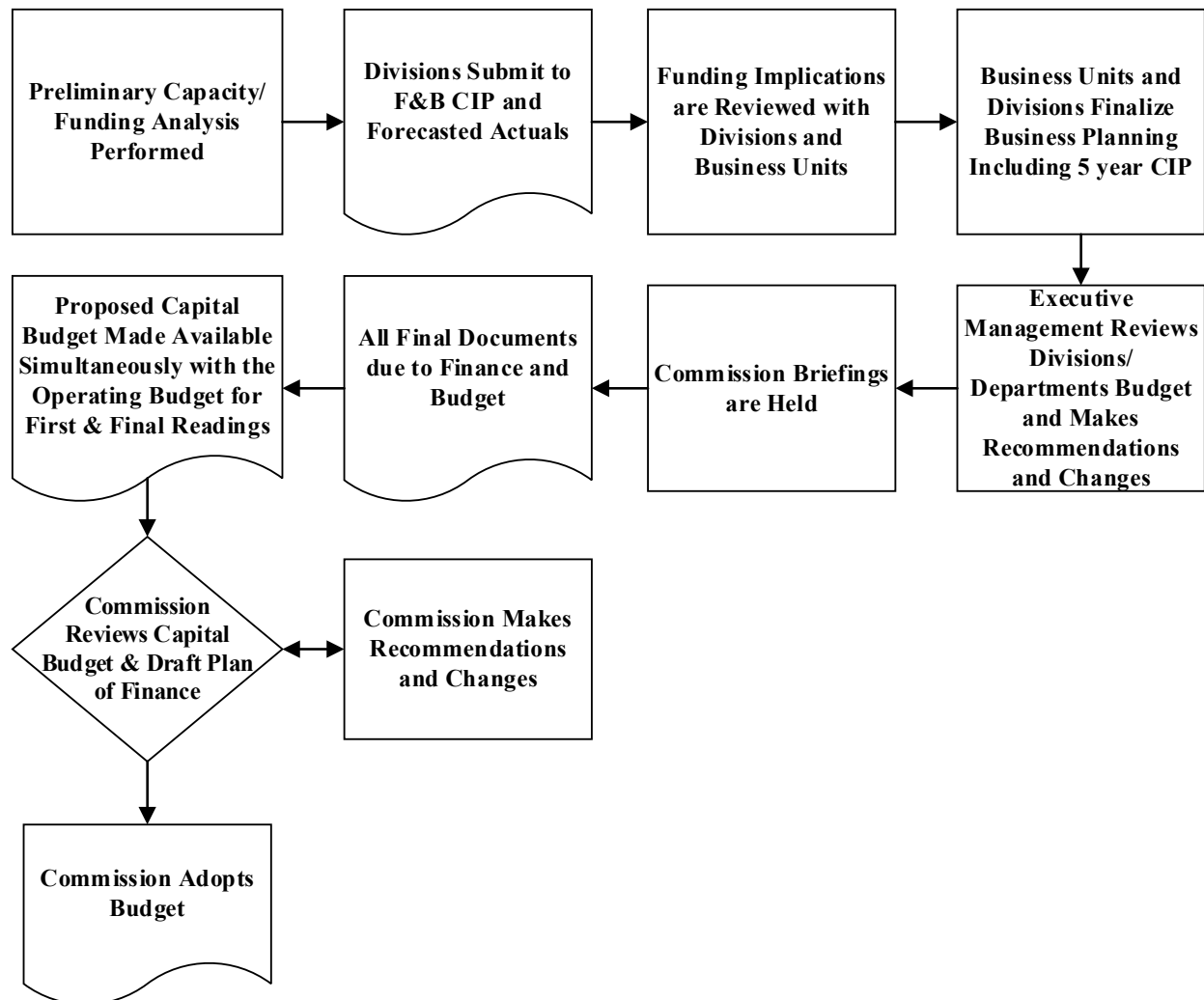
### **b. Capital Budget Process:**

- 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:

| <b><u>Date</u></b> | <b><u>Activity</u></b>  |
|--------------------|---|
| 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-4 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 1.4x of all Airport related revenue debt and that Seaport cash flow equals 1.8x of all Seaport 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. **Budget Variance Report:** This report is to explain the reasons for or causes of variances between actual revenues and expenses versus budgeted amounts on a monthly basis. A good and accurate monthly variance report is a very important tool for management.
- q. **Financial Performance 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. The report also includes a quarterly year-end forecast and key business highlights for divisions and departments. A good and accurate quarterly financial performance report is a very important tool for management. The report is presented to Executive Management quarterly and the Commission in public meetings for the second and fourth quarters.

## **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 NWSA is a major trade gateway in North America. 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, 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 (target is 1.40x) and 1.8x for the Seaport 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**

|                                       | <b>General<br/>Government</b> | <b>Debt<br/>Service</b>       | <b>Assets (1) as of<br/>July 31, 2023 (\$<br/>million)</b> | <b>Assets (1) as of<br/>July 31, 2024 (\$<br/>million)</b> | <b>Change<br/>(\$ million)</b> |
|---------------------------------------|-------------------------------|-------------------------------|--|--|--------------------------------|
| <b>Enterprise<br/>Fund (2)</b>        | X                             | X                             | 2,014.1  | 1,820.8  | (193.3)                        |
| <b>Tax levy<br/>Sub-funds<br/>(3)</b> | X                             | General<br>Obligation<br>only | 117.3  | 92.9   | (24.4)                         |

Notes:

- 1) Includes, cash, short-term investments, and long-term investments.
- 2) Includes Tax levy sub-funds. Estimate based on cash and investment allocated to the sub-funds, not accrued assets.
- 3) Tax levy sub-funds: Tax Levy, Harbor Development and Transportation and Infrastructure.

There is no separate appropriation process to make payments from the Enterprise Fund; funds are deemed appropriated upon spending authorization. Most operating expenditures are authorized with adoption of the budget. Larger contracts, either operating or capital require separate authorization. Sub-funds are used to pay expenditures based on the described uses of the sub-fund.

Descriptions of some of the major sub-funds are:

**TABLE B-2: FUND DESCRIPTIONS**

| <b>Types of<br/>Sub-Funds</b> | <b>Sub-Fund<br/>Name</b>             | <b>Sub-<br/>Fund #</b> | <b>Sub-Fund Description</b>   |
|-------------------------------|--------------------------------------|------------------------|---|
| 1. Operating                  | Airport<br>Development<br>Fund (ADF) | 03040                  | This is the operating fund for the Seattle-Tacoma International Airport (Aviation division). The fund receives operating revenues derived from all airport sources and funds operating and maintenance expenses related to the Airport. The fund also receives Airport Improvement Program grants reimbursement receipts. Transfers made from this fund include funding for Aviation related revenue bond fund debt service. Capital acquisition expenditures which are not otherwise funded are also made from this fund. Other expenditures include operating and administrative expenses and non-operating expenditures associated with Central Services that are allocated to Aviation. |

| Types of Sub-Funds | Sub-Fund Name                                 | Sub-Fund # | Sub-Fund Description   |
|--------------------|---|------------|--|
|                    | General Fund                                  | 00010      | <p>The general fund is the operating and capital fund for all Port-owned properties with the exception of the Seattle-Tacoma International Airport (Aviation). This includes Maritime, Economic Development, and the Port's membership interest in the NWSA (collectively referred to as "non-airport" businesses). Operating revenues derived from these other sources and excluding the Industrial Development Corporation are deposited to this fund. The fund also receives non-operating revenues that are associated with these non-airport businesses or are Central Services in nature. Expenditures from this fund include:</p> <ul style="list-style-type: none"> <li>• Seaport operating and administrative expenses; capital equipment purchases and construction projects, excluding projects funded with other funding sources (for example, certain expenses may be funded from the tax levy fund, as directed by Port Commission)</li> <li>• Operating expenses for Central Services allocated to the non-airport businesses</li> <li>• Central Services capital equipment purchases and capital projects that are ultimately allocated to the operating divisions through allocated depreciation and appropriate portions of capital that is split between the airport and non-airport businesses.</li> <li>• Non-operating expenditures that are directly associated with non-airport businesses.</li> <li>• Port payrolls, purchases of materials, supplies and services, and non-airport capital acquisition expenditures which are not otherwise funded are made from this fund. Periodic reports are generated indicating what general fund monies have been expended for payrolls or accounts payable that properly should have been paid out of the other funds. These amounts will then be transferred from such other funds to the general funds as reimbursements.</li> </ul> |
|                    | Tax Levy                                      | 00020      | <p>The Tax Levy fund was established in 2002 and is used to receive the ad valorem taxes levied on real properties within the Port's District (King County). Prior to 2002, the tax levy proceeds were deposited into the General Fund. Other items deposited to this fund include Receipts in lieu of taxes, Tax sales and refunds, Investment income and expense, Tax adjustments, Tax supplements and cancellations. Proceeds are used for General Obligation (G.O.) bonds debt service, and to fund capital, expense and special item projects that meet criteria established by the Port, or as directed by Port Commission.</p>  |
|                    | Transportation & Infrastructure Reserve (TIF) | 00021      | <p>Established in 2010, as per the 2010 Commission approved budget, the TIF can be used for any lawful purpose just the same as Tax Levy Fund. The TIF initial funding source is from the Tax Levy fund, and the fund balance is reviewed at least annually with Port staff and Commission.</p>  |



| Types of Sub-Funds  | Sub-Fund Name   | Sub-Fund #     | Sub-Fund Description  |
|---------------------|---|----------------|---|
|                     | Harbor Development Fund (HDF)   | 00022          | In 2017 the Port set aside funds in the HDF to help fund future development in the North Harbor (NWSA). The HDF was initially funded with a portion of the 2017 G.O. bond proceeds, which were issued to reimburse the Port for prior year cash payments made to the State of Washington on the Alaska Way Viaduct project. The HDF is legally separate from any tax levy collections and is available to pay revenue bond debt service, if the Port chooses.   |
|                     | Customer Deposits   | 06010          | This fund has been established as a depository of lease deposits and other monies held by the Port as surety but belonging to Port of Seattle customers.  |
| 2. Special Facility | Passenger Facility Charges (PFCs) <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Capital</li> </ul>                            | 06054<br>03060 | PFC Revenues are derived from passenger facility charges levied on embarking passengers at Seattle-Tacoma International Airport. The collected revenues are used to pay debt service on PFC Revenue Bonds, debt service on other revenue bonds related to FAA approved projects, and for specifically designated airport facility improvements projects. All PFC's revenues are deposited to the Revenue fund (06054). From the Revenue fund, there is a required monthly transfer to the Debt Service fund (by the 25th of each month) equal to 1/6 <sup>th</sup> of semi-annual PFC debt service payment. The remaining balance in the Revenue fund, which includes interest earnings, is then transferred to Capital fund (03060). |
|                     | Customer Facility Charge (CFC)  | CFC01          | Established in 2006, the CFC Fund holds revenue derived from charges imposed upon customers of rental car companies accessing the Airport, and taxable revenue bond proceeds issued to fund the Consolidated Rental Car Facility (CRCF). Funds are to be used to pay debt service on those bonds, construction costs for the CRCF project, any future capital maintenance projects, and specified CRCF operating expenses.  |
|                     | Fuel Hydrant Fund <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Debt Service</li> <li>• Project</li> <li>• Reserve</li> </ul> | Held in Trust  | The funds accruing to the Fuel Hydrant Revenue Fund are derived from Pledged Lease Revenue and Other Revenue as defined in Resolution No. 3504, as amended. Funds are to be used to pay Fuel Hydrant bonds debt service. All Fuel Hydrant revenues are deposited to the Revenue account. From the Revenue account, there is a required monthly transfer to the Debt Service account equal to 1/6 <sup>th</sup> of the semi-annual interest and 1/12 <sup>th</sup> of the annual principal amounts. The remaining balance of the Reserve account, which is interest earnings, is then transferred to Capital account.  |
| 3. Debt Related     | Bond Funds  | Various        | The Port of Seattle issues bonds pursuant to bond resolutions to fund its Capital Improvement Program. Proceeds from bond issues are used to fund construction, capitalized interest, and reserves, see below.  |

| Types of Sub-Funds | Sub-Fund Name                            | Sub-Fund # | Sub-Fund Description  |
|--------------------|--|------------|---|
|                    | Capitalized Interest Fund (Cap-I)        | Various    | Established at the time of bond issuance, Cap-I funds are additional bond proceeds to be used to pay interest expense on the bonds before the capital assets funded by the bonds go into use and are able to generate revenue to repay principal.   |
|                    | Construction Fund (CF)                   | Various    | Proceeds from bond issues are used for the Port's facilities expansions and improvements, land acquisition, and/or pay interest. Separate funds are set up for each bond issue to allow for the tracking and reconciliation of bond proceeds expenditures.  |
|                    | Debt Service Reserve Fund (DSRF)         | Various    | Established at the time of bond issuance for the purposes of securing the payment of principal and interest on related outstanding bonds. Terms set forth in the bond covenants dictate how much the Port is required to maintain in the Reserve fund. Not all bond issues have a cash funded Reserve fund; the Port may instead choose to maintain qualified surety and/or a qualified letter of credit.   |
|                    | Debt Service Fund (DSF)                  | Various    | DSF's serve as pass-through funds. Transfers are made periodically to the DSF, typically on the debt service date, for an amount sufficient to meet the debt service requirements. The source of the funds transfer depends on the related debt and may be made, legally, from any operating fund, but it is the Port's intent to make such transfers from the General Fund, Tax Levy Fund and/or Airport Development Fund.   |
| 4. Other Operating | Repair and Renewal Fund                  | 03150      | Established pursuant to Master Resolution 3577, Section 4. (b), the proceeds of the fund may be used by the Port to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, repairs, and renewals of the facilities of the Port.  |
|                    | Environmental Settlement                 | ENVIR      | Established 2008, the fund is used for environmental settlement money received for cleanup work the Port is engaged to do. Consequently, there are restrictions on how proceeds are used.   |
|                    | Industrial Development Corporation (IDC) | IDC01      | The IDC of the Port of Seattle is a special purpose government with limited powers. It was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84) for the purpose of facilitating industrial expansion through tax-exempt financing. The IDC fund balance is comprised from compensation from companies that borrow through the IDC, and investment earnings. IDC "surplus" funds may be used for any allowable purposes as provided by state law: allowable under the Port's authorized powers to engage in economic development programs, and for growth management, planning or other economic development purposes. |

### **3. REVENUE AND EXPENSE ASSUMPTIONS**

The 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 \$563.8M, an increase of 8.3% compared to the 2024 budget. Non-aeronautical revenues are budgeted at \$372.3M, which is 11.9% 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 \$553.2M, an increase of 11.6% 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 \$103.7M, an increase of 3.6% 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% growth from 2024 forecast and 3.2% 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% 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% 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 to 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 August, the Consumer Price Index (CPI) went down 2.5% on a year-over-year basis. Likewise, energy prices decreased 0.8% and were 4.0% lower compared to August 2023. Meanwhile, shelter costs increased by 0.5% and were 5.2% higher year-over-year. Core prices are up 3.2% 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 2.8% for 2024, 1.8% in 2025, 2.0% in 2026 and 2027.

A total of 206,000 non-farm jobs were added in June and 142,000 net jobs were added in August. This number grew to 254,000 jobs in September. The health care industry added 31,000 in August and 69,400 in September. Leisure and hospitality added 46,000 jobs and construction added 34,000 in August and another 25,000 in September. Government payroll increased by 24,000 in August and 31,000 in September. However, the temporary services industry cut down 13,800 jobs and manufacturing decreased by 7,000 jobs. The unemployment rate was recorded at 4.1% in June, 4.2% in August, and 4.1% in September. The expected unemployment rate for 2024 is 4.1% and is expected to steadily increase to 4.6% in 2027. Labor participation rate remained at 62.7% since July, a 0.6% decrease from the rate of 63.3% just before the pandemic.

Washington state's economic growth remain strong. In August, non-farm employment increased by 48,900, an increase of 1.4% compared to the same period last year. Government jobs increased by 24,500 while private sector jobs, primarily in education and health services, added 24,300 jobs since August of last year. The manufacturing sector added 3,900 jobs which came largely from the Aerospace product and equipment industry. Unemployment rates increased to 4.9% in April and fluctuated over the last few months but dipped to 4.8% in August. Labor participation is 63.3% which is 1.2% lower compared to August 2023.

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. The number increased slightly in July to 35,400 consisting of 16,900 single-family and 18,500 multi-family units. Home prices in the Seattle area increased 1.1% in July and are up 6.0% compared to last 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 2023 to August 2024 surpassed the 2.6% 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 3.3% in U.S. City Average index. Seattle's shelter cost was at 6.2% while national average was recorded at 5.2%.

#### **Sources:**

<https://erfc.wa.gov/publications-June Quarterly, August monthly, and September Quarterly>  
<https://www.bea.gov/news/2024/>

**TABLE C-1: SUMMARY FORECAST**

| <b>SUMMARY FORECAST<br/>(Annual Percent Change)</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Washington State Economic Forecast</b>           |             |             |             |             |             |
| Non Farm Payroll Employment                         | 4.7         | 1.8         | 1.3         | 1.1         | 0.8         |
| Unemployment Rate                                   | 4.1         | 4.1         | 4.9         | 5.0         | 5.0         |
| Real Personal Income                                | (4.6)       | 2.0         | 2.7         | 3.0         | 3.5         |
| Consumer Price Index                                | 8.9         | 5.8         | 3.8         | 2.5         | 2.3         |
| Housing Permits                                     | (13.9)      | (24.3)      | (4.1)       | 5.9         | 7.4         |
| 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**

| <b>Washington State 2023 Average Employment Classified by Industry</b>  |                          |  |                                    |
|---|--------------------------|--|------------------------------------|
| <b>Industry description</b>   | <b>Average<br/>Firms</b> | <b>Average<br/>Annual<br/>Employment</b> | <b>Average<br/>Annual<br/>Wage</b> |
| 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                          |
| <b>Total *</b>  | <b>212,295</b>           | <b>3,559,654</b>                         | <b>\$ 87,091</b>                   |
| * Total and average of statewide rollup data. Employment and wages are not shown for some subsectors to avoid disclosure of data for ind. employer. |                          |  |                                    |

Source: <https://esd.wa.gov/labormarketinfo/covered-employment>

**TABLE C-3: TOP 10 PUBLIC COMPANIES IN WASHINGTON**

| <b>Top 10 Companies with HQ in Washington State</b><br>(ranked by Revenues) |                         |                 |                   |
|---|-------------------------|-----------------|-------------------|
| <b>Company</b>  | <b>No. of Employees</b> | <b>Revenues</b> | <b>Website</b>    |
| 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 Innovation 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                              | Original Issue     | Issue    | Outstanding   | 2025 Principal Payments | Outstanding    | Interest Payments [1] |              |               |
|--|--------------------|----------|---------------|-------------------------|----------------|-----------------------|--------------|---------------|
| Series                                 | Amount             | Date     | Jan. 1, 2025  | Due Date                | Amount         | Dec. 31, 2025         | Due Date     | Amount        |
| <b><u>GENERAL OBLIGATION BONDS</u></b> |                    |          |               |                         |                |                       |              |               |
| Limited Tax G.O., Series 2013B Taxable | \$75,165,000 [3]   | 03/26/13 | 1,225,000     |                         | 1,225,000      | -                     | 05/01, 11/01 | 33,933        |
| Limited Tax G.O., Series 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    |
| <b><u>REVENUE BONDS</u></b>            |                    |          |               |                         |                |                       |              |               |
| <b><u>First Lien Bonds</u></b>         |                    |          |               |                         |                |                       |              |               |
| 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    |
| <b><u>Intermediate Lien Bonds</u></b>  |                    |          |               |                         |                |                       |              |               |
| 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   |
| <b><u>Subordinate Lien Bonds</u></b>   |                    |          |               |                         |                |                       |              |               |
| 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 | <u>47,725,000</u> | 06/01/25 | <u>4,865,000</u> | <u>42,860,000</u> | 06/01, 12/01 | <u>2,028,711</u> |
| TOTAL SPECIAL FACILITY REVENUE BONDS |              |      |          | <u>47,725,000</u> |          | <u>4,865,000</u> | <u>42,860,000</u> |              | <u>2,028,711</u> |

**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                              | Original Issue     | Issue    | Outstanding   | 2024 Principal Payments | Outstanding    | Interest Payments [1] |              |               |
|--|--------------------|----------|---------------|-------------------------|----------------|-----------------------|--------------|---------------|
| Series                                 | Amount             | Date     | Jan. 1, 2024  | Due Date                | Amount         | Dec. 31, 2024         | Due Date     | 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 | <u>52,400,000</u> | 06/01/24 | <u>4,675,000</u> | <u>47,725,000</u> | 06/01, 12/01 | <u>2,229,508</u> |
| TOTAL SPECIAL FACILITY REVENUE BONDS |              |      |          | <u>52,400,000</u> |          | <u>4,675,000</u> | <u>47,725,000</u> |              | <u>2,229,508</u> |

**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 Commercial Paper.
- [6] - Series 2022B G.O. Revenue and Refunding bonds fully refunded the outstanding 2011 G.O refunding bonds. The 2011 G.O. bonds refunded the 2000B G.O bonds.
- [7] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The 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**

| <div style="display: flex; justify-content: space-between; align-items: center;">  <div style="text-align: center;"> <b>Port of Seattle</b><br/> <b>Statement of 30 Years - Calendar Year Mode</b><br/> <b>Outstanding and Closed Debt Service</b><br/> <b>As of 1/1/2024</b><br/> <b>Primary Sort Issue Group</b><br/> <b>(in thousands)</b> </div> </div> |         |         |         |         |         |              |              |              |              |              |           |
|--|---------|---------|---------|---------|---------|--------------|--------------|--------------|--------------|--------------|-----------|
|  | 2024    | 2025    | 2026    | 2027    | 2028    | 2029<br>2033 | 2034<br>2038 | 2039<br>2043 | 2044<br>2048 | 2049<br>2053 | Total     |
| <b>GO Bonds</b>  |         |         |         |         |         |              |              |              |              |              |           |
| INTEREST   | 12,452  | 11,693  | 10,862  | 10,100  | 9,301   | 36,673       | 21,760       | 4,703        | 0            | 0            | 117,546   |
| PRINCIPAL  | 22,230  | 23,010  | 17,215  | 17,975  | 18,595  | 74,430       | 82,275       | 59,630       | 0            | 0            | 315,360   |
| <b>Rev Int Lien</b>  |         |         |         |         |         |              |              |              |              |              |           |
| INTEREST   | 166,691 | 158,412 | 150,173 | 141,320 | 132,202 | 529,090      | 327,593      | 152,295      | 27,698       | 0            | 1,785,474 |
| PRINCIPAL  | 177,450 | 169,380 | 177,900 | 191,610 | 186,685 | 889,870      | 762,020      | 703,230      | 266,280      | 0            | 3,524,425 |
| <b>Rev Sr. Lien</b>  |         |         |         |         |         |              |              |              |              |              |           |
| INTEREST   | 6,134   | 15,167  | 14,582  | 10,591  | 10,881  | 32,430       | 0            | 0            | 0            | 0            | 89,785    |
| PRINCIPAL  | 17,505  | 22,968  | 23,560  | 12,932  | 13,447  | 56,053       | 0            | 0            | 0            | 0            | 146,465   |
| <b>Rev Sub Lien</b>  |         |         |         |         |         |              |              |              |              |              |           |
| INTEREST   | 5,662   | 5,659   | 5,660   | 5,660   | 5,662   | 25,866       | 0            | 0            | 0            | 0            | 54,169    |
| PRINCIPAL  | 0       | 0       | 0       | 0       | 0       | 136,395      | 0            | 0            | 0            | 0            | 136,395   |
| <b>Special Facility Rev Bonds-FH</b>   |         |         |         |         |         |              |              |              |              |              |           |
| INTEREST   | 2,230   | 2,029   | 1,854   | 1,665   | 1,463   | 3,140        | 0            | 0            | 0            | 0            | 12,381    |
| PRINCIPAL  | 4,675   | 4,865   | 5,045   | 5,220   | 5,420   | 27,175       | 0            | 0            | 0            | 0            | 52,400    |
| <b>Interest Total</b>  | 193,169 | 192,961 | 183,132 | 169,337 | 159,509 | 627,198      | 349,353      | 156,998      | 27,698       | 0            | 2,059,355 |
| <b>Principal Total</b>   | 221,860 | 220,223 | 223,720 | 227,737 | 224,147 | 1,183,923    | 844,295      | 762,860      | 266,280      | 0            | 4,175,045 |
| <b>Grand Total</b>   | 415,029 | 413,183 | 406,852 | 397,075 | 383,657 | 1,811,121    | 1,193,648    | 919,858      | 293,978      | 0            | 6,234,400 |

- 1) Assumes an interest rate of 4.15% per annum for all outstanding Subordinate Lien variable rate bonds
- 2) Excludes the Port's Subordinate Lien Commercial Paper program, which is authorized in the amount of \$400M, and as of October 31, 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**

|                                     | <b>Moody's</b> | <b>S&amp;P</b> | <b>Fitch</b> |
|-------------------------------------|----------------|----------------|--------------|
| General Obligation Bonds            | Aaa            | AA             | AA-          |
| First Lien Revenue Bonds            | Aa2            | AA             | AA           |
| Intermediate Lien Revenue Bonds     | A1             | AA-            | AA-          |
| Subordinate Lien Revenue Bonds      | A2             | A+             | AA-          |
| Fuel Hydrant Special Facility Bonds | A1             | A+             |              |

## **APPENDIX E: OTHER DETAILED EXPENDITURES**

### **a. Promotional Hosting**

Promotional hosting consists of expenses incurred by officials and employees of the Port in connection with hosting others for the purpose of promoting the increased use of Port facilities and services.

**TABLE E-1: PROMOTIONAL HOSTING BY DIVISION**

|                      | <b>2023</b>       | <b>2024</b>       | <b>2025</b>       |
|----------------------|-------------------|-------------------|-------------------|
| <b>DIVISION</b>      | <b>Actuals</b>    | <b>Budget</b>     | <b>Budget</b>     |
| 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           |
| <b>Total</b>         | <b>\$ 304,913</b> | <b>\$ 514,189</b> | <b>\$ 533,800</b> |
| Promo.xlsx           |                   |                   |                   |

**b. Memberships**

The 2025 Budget for the Port of Seattle includes \$1,400,862 for memberships. 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**

| <b>Memberships</b>                                    | <b>2025 Budget</b>  |
|---|---------------------|
| 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             |
| <b>Total</b>  | <b>\$ 1,400,862</b> |
| Memberships.xls                                       |                     |

## **APPENDIX F: CHANGES BETWEEN PRELIMINARY BUDGET TO FINAL BUDGET**

### **Aviation Division**

Operating Revenues increased by \$2.1M

- Non-Aeronautical revenues increased \$6.7M:
  - \$11M increase to include STOC (SeaTac Office Center) property management estimate per seller document.
  - \$725K increase due to extended hours for Clubs and Lounds at S Concourse.
  - (\$3.3M) decrease due to removal of rate increase in Public Parking.
  - (\$957K) decrease to align key assumption for expansion of employee parking card rate.
  - (\$866K) decrease to refine cost recovery for ground transportation, utilities, and non-airline terminal lease space.
- Aeronautical revenues decreased \$4.5M:
  - (\$2.5M) expense grants offsets which reduced aero revenue requirement.
  - (\$2.5M) decrease resulting from the refreshed cost recovery calculation.

Operating Expenses decreased \$9.2M

- (\$6.3M) decrease due to Master Park leases being treated as capital leases per Governmental Accounting Standard Board 87
- (\$2.8M) decrease due to STOC 3<sup>rd</sup> party property management fee assuming a start date of 4/1/25.
- (\$179K) decrease in B&O taxes due to lower revenues.
- (\$40K) decrease in SEA MOVES operations planning consultant estimate to \$160K.
- \$79K increase due to STOC current lease and Central Services allocations.

Depreciation Expenses increased \$9M

- \$6.6M increase due to capitalization of Master Park leases.
- \$2.4M increase due to capitalization of Subscription Based Information Technology Agreements.

### **Maritime Division**

Operating Expenses increased by \$326K

- Cruise Operations added \$326K for Customs & Border Protection.

### **NWSA Joint Venture**

- No changes.

### **Economic Development Division**

- No changes.

### **Central Services**

Operating Expenses decreased \$406K

- (\$406K) reduced expenses from Engineering for STOC lease.

## **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 charge for services instead of allocating them, which is charging against another division’s/department’s subclass to represent where resources were used and dollars spent for the work that was actually performed.

**Draft Plan of Finance:** The five-year Capital Budget is the basis of the Plan of Finance. A funding plan for the Capital Budget that identifies the types and amounts of funding sources that are expected to be available in the five-year planning period, developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance section.

**Enterprise Fund:** There are dozens of funds that are summarized into the Enterprise Fund. The Enterprise Fund accounts for all activities and operations of the Port. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in

part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

**Environmental Remediation Liability:** The Port's policy requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; named as party responsible for sharing costs; named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's pollution remediation obligation. Costs incurred for pollution remediation obligation are recorded as environmental expenses unless the expenditures meet specific criteria that allow them to be capitalized. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

**Equity:** The excess of assets over liabilities.

**Estimates:** Prediction of revenues and expenditures.

**Fiscal Year:** The Port's annual accounting period for recording financial transactions begins January 1 and ends December 31, which is the same as the calendar year. It is also called the budget year.

**Forecast:** An estimate, projection or prediction of revenues and expenses.

**Full-Time Equivalent:** Full-Time Equivalent (FTE) employee, where "full-time" equals 100% of a full-time schedule. A full-time employee is represented as a "1.0 FTE" where 1.0 = 100% of a full-time schedule. FTEs represented by less than 1.0, such as 0.8, represent less than a full-time schedule. For example, "0.8 FTE" represents 80% of a full-time schedule.

**Fund:** Enterprise Fund. The establishment of a sub-fund is to account for money set aside for some specific purpose.

**Fund Balance:** The Net Position of the Enterprise Fund.

**Generally Accepted Accounting Principles (GAAP):** Standards and guidelines by which Accounting and Financial Reporting are governed.

**General Obligation (GO) Bonds and Interest:** The Port can borrow money which is intended to be paid back through its taxing authority. The tax levy (See Section VIII) funds the repayment of the principal and interest of these bonds. Port financial policies dictate that G.O. bonds be used for projects that have a long lag between project costs and revenues or are insufficient to support revenue bond financing, the project generates significant economic benefits for taxpayers, and the project is critical to the Port's core business.

**Goals:** Written statements that declare what the port/division/department plan to achieve to fulfill its mission.

**Governmental Accounting Standards Board (GASB):** It is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government Finance Officers Association (of USA and Canada) (GFOA):** The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training, and leadership.

**Investment in Joint Venture:** The Port adopted Joint Venture Accounting beginning January 1, 2016, to account for its 50% share in the Northwest Seaport Alliance (NWSA).

**Inter-Division Allocation (Charges):** Allocation or Charges from one division to another.

**Intra-Division Allocation (Charges):** Allocation or Charges from within the division.

**Landing Fee:** The landing fee rate and resulting landing fee revenues are based on the contractual agreement between the Port's Aviation Division and the airlines. This contractual agreement permits the airlines to land and operate at Sea-Tac Airport. See the discussion of landing fees in Appendix E.

**LEAN:** Is a management philosophy, a process improvement approach, and a set of methods that seek to identify, eliminate, and reduce non-value added activities or waste within a process. Lean is time tested and is used by several companies, industries, and agencies around the world. Key principles of LEAN are:

- Guiding team members through the steps in process improvement with a trained facilitator.
- Measuring the current state of a process.
- Analyzing problem areas within a process.
- Brainstorming improvement ideas, implementing improvements, and putting in place controls to sustain improvements.

**Major Funds:** There are dozens of funds that are summarized into the Enterprise Fund, which is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions – Aviation, Maritime and Economic Development, and Central Services.

**Majority in Interest (MI):** Under the terms of the current agreement between the airlines and the airport, the airlines are entitled to vote their approval for particular capital projects that affect the airline rate base.

**Millage:** A tax rate on property, expressed in mills per dollar of value of the property.

**Mission:** A brief statement that describes the purpose of an organization's existence. It defines the core purpose of the organization: What your organization does and for whom.

**Net Assets:** As required by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, net assets (equity) have been classified on the statement of net assets into the following categories:

- Invested in capital assets – net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- Restricted: Net Assets subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net assets that do not meet the definition of “invested in capital assets – net of related debt” or “restricted.”

When both restricted and unrestricted resources are available for the same purpose, restricted assets are considered to be used first over unrestricted assets.

**Net Operating Income before Depreciation (NOI):** Income from operations after all direct and allocated expenses, but before depreciation, non-operating revenues and expenses has been included.

**Non-Aeronautical Revenues:** Include concession, parking and other fees not charged directly to the airlines. These revenues help offset the residual landing fee requirement.

**Non-Airport Revenues:** All revenues at the Port not related to the Airport, includes all Maritime, EDD, Stormwater Utilities, Central Services, and NWSA distributable revenues.

**Non-Operating Expenses:** Cost or charges that do not arise from the normal operation of the Port’s business. An example is interest expense.

**Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port’s business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges, and other revenues generated from non-operating sources.

**Northwest Seaport Alliance (NWSA):** A Joint Venture between the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance, which unifies the two ports’ marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. It is 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**

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



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

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

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

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