





2026 Budget

Prepared by the Finance
and Budget Departments

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For the Fiscal Year Beginning

January 01, 2025

Christopher P. Morill

Executive Director

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BUDGET DOCUMENT OVERVIEW

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

- **Section I**, Executive Summary, provides key business outlook, key budget drivers, budget highlights, and budget summary.
- **Section II**, Port View, contains the Port's history, facilities and services, long range plans, commissioners and officers, and organizational chart.
- **Section III**, Budget Overview, presents the five-year financial forecast and outlines the Port's operating and non-operating budget, capital budget, and tax levy.
- **Sections IV through VI** feature the Operating Division summaries for Aviation, Maritime, and Economic Development, respectively. Each Division section presents 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



The Port of Seattle is a regional driver of economic opportunity and jobs with its business lines supported almost \$39 billion in total business output, \$396 million in total fiscal impact to the state, and over 205,000 jobs. This budget reflects our future vision of how we balance uncertainty with our commitment to building a port for the future.

Facing significant economic and political uncertainty, softening revenue growth, and risk of higher inflation due to tariffs, the Port has taken a very conservative approach for 2026 that better aligns expenses with revenue and funding capacity for the future. Our challenge is to avoid overextending its financial resources while continuing to invest in the region and prepare for the future.

The 2026 budget guiding principles and strategies are to focus on strengthening sustainability, adaptability and resiliency in spending and business plans; safeguard the efficient operation of mission critical business functions to maintain regional economic activity; retain key talent and develop staff through training and upskilling; and prioritize implementation of current programs and new initiatives for 2026 and beyond.

PORT BUSINESS OUTLOOK

- The Airport expects total passengers of 54.1 million, a 1.7 percent growth from 2025 forecast.
- Cruise forecasts a record 330 vessel sailings with over 2.0 million passengers, and 102 percent occupancy rate based on tentative berth reservations.
- Grain volume is budgeted at 3.21 million metric tons, a 9.3 percent decrease from 2025 budgeted volumes.
- 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 2026, consistent with current results.
- Conference and Event Center expects a 3% revenue increase from the 2025 budget.

Below is a summary of the 2026 budget:

- Total operating revenues: \$1.2 billion; \$37.0 million or 3.3 percent above the 2025 budget.
- Total operating expenses: \$730.0 million; \$51.8 million or 7.6 percent above the 2025 budget.
- Net operating income before depreciation: \$426.6 million; \$14.7 million or 3.3 percent below the 2025 budget.
- The 2026 capital budget is \$932.9 million. Additionally, the Port supports capital investments for the NWSA; its 50 percent share is forecast to be \$77.1 million in 2026.

2026 KEY INITIATIVES AND BUDGET DRIVERS

- Promote local economic development and advance environmental justice through partnership grants available for cities in King County.
- Continue to invest in economic development partnership grants to support business and economic activity in participating cities.
- Support the Tourism Grants program and international tourism agreements to promote sustainable and equitable tourism marketing partnerships.
- Foster strategic partnerships to revitalize the waterfront, promote the Port's tourism-facing facilities, career support and training in the maritime economy.
- Provide equitable access to port-related career pathways through initiatives like Maritime High School; Maritime Workforce Investments Program; Core Plus Maritime curriculum, Construction Trades Pre-Apprenticeship program; and internships.

- Continue to invest in the Duwamish Valley Community Equity Program (DVCEP) to strengthen capacity building and support for Green Jobs, educational tours, and community events.
- Invest in the childcare feasibility study to provide affordable, high-quality childcare for airport workers.
- Continue to invest in the Duwamish Valley Community Equity Program (DVCEP) to strengthen capacity building and support for Green Jobs, educational tours, and community events.
- Implement the Commuter Transit Initiatives to help address the commuting needs of SEA workers.
- Continue to invest in habitat restoration, greenhouse gas reduction, ocean sustainability, and underwater noise reduction.
- Continue to advance equity goals through initiatives such as language access, anti-human trafficking, immigration referral line, and community 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).

SEA's passenger growth is projected to continue in 2026. We anticipate a 1.7 percent growth in total passengers, which would bring SEA passenger traffic to 54.1 million.

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 2025.

Cruise activity is forecasted at 102 percent occupancy. Grain volume is expected to be 9.3 percent lower than the 2025 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 2026 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 2026 net income is forecast to be \$58.4 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 \$77.1 million for 2026 and \$228.0 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 2026, operating revenues are budgeted at \$1,156.6 million, a \$37.0 million or 3.3 percent increase from the 2025 budget.

Operating expenses are budgeted at \$730.0 million, a \$51.8 million or 7.6 percent increase compared to the 2025 budget. Net operating income before depreciation is \$426.6 million, a \$14.7 million or 3.3 percent below the 2025 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, 2026 operating revenue is budgeted at \$615.5 million, which is 9.2 percent higher than the 2025 budget mainly due to increased operating expenses and debt service.

On the Non-Aeronautical side, budgeted operating revenues are \$367.4 million, a \$4.9 million or 1.3 percent decrease from the 2025 budget mainly driven by lower revenues from Public Parking and Ground Transportation. Total operating revenues are budgeted at \$982.9 million, a 5.0 percent increase from 2025. Total operating expenses, including cost allocations from other divisions, are budgeted at \$587.0 million, a 6.1 percent increase from 2025. Net operating income before depreciation is \$395.8 million, a 3.4 percent increase from 2025.

MARITIME

The Maritime Division's operating revenues are budgeted at \$110.4 million, a 6.5 percent decrease from 2025 mainly due to lower revenues from Cruise Operations, Fishing & Operations, and Grain terminal. Total operating expenses, including cost allocations from other divisions, are budgeted at \$116.0 million, an 11.8 percent increase from 2025. Net operating income before depreciation is expected to be -\$5.5 million in 2026.

ECONOMIC DEVELOPMENT

The total operating expenses for Economic Development Division are budgeted at \$3.3 million, a 14.0 percent decrease from 2025. Ongoing key budget initiatives in 2026 include strategic investments in diversity in contracting, 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 \$204.7 million, a \$8.8 million or 4.5 percent increase from the 2025 budget.

CAPITAL BUDGET

The Port's capital budget is \$1.0 billion for 2026. 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 \$835.9 million for 2026. Major projects include S Concourse Evolution, C Concourse Expansion, Baggage Optimization, Airfield Pavement Program, and SEA Gateway improvements in the Main Terminal in partnership with Alaska Airlines.

The total 2026 capital budget is \$155.1 million for Maritime, Stormwater Utility, legacy projects associated with facilities licensed to the NWSA and Central Services. Major capital projects include Terminal 91 Uplands Development, Terminal 91 Berth 6 & 8 Redevelopment, MIC Electrical Replacements, and Pier 69/91 Shore Power Extension. In addition, the Port supports capital investments made by the NWSA; its 50 percent share is forecast to be \$77.1 million in 2026 and \$227.9 million over the next five years.

TAX LEVY

The 2026 tax levy is budgeted at \$90.2 million, a 2.0 percent increase from the 2025 levy of \$88.4 million. Based on preliminary King County assessed valuation, the 2026 estimated millage rate is \$0.0998, slightly lower than the \$0.1012 in 2025. 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 2025. The 2026 levy is currently under review and may change for the final budget.

2026 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 \$1,537.7 million, which includes \$1,156.6 million of operating revenues and \$381.1 million of non-operating revenues.
- Total sources of funds are forecast to be \$2,428.3 million, with an estimated \$869 million of expected proceeds in 2026 from sale of bonds.
- Operating revenues are budgeted at \$1,156.6 million, a \$37.0 million or 3.3 percent increase from the 2025 budget.
 - The \$615.5 million of Aeronautical revenues are based on cost recovery.
 - Airport Non-Aeronautical revenues are budgeted to be \$367.4 million, a \$4.9 million or 1.3 percent decrease from the 2025 budget mainly driven by lower revenues from Public Parking and Ground Transportation.
 - Seaport revenues are projected to be \$173.7 million, a \$9.7 million or 5.3 percent decrease from the 2025 budget due mainly to higher revenue from Cruise and NWSA Distributable Income.
- Total expenses are budgeted at \$1,303.9 million, which includes:
 - \$730.0 million of operating expenses.
 - \$308.2 million of depreciation expenses.
 - \$265.7 million of non-operating expenses, the majority of which are comprised of interest payments on outstanding bonds.
- Operating expenses are up \$51.8 million, or 7.6 percent from the 2025 budget mainly due to:
 - Pay increases for represented and non-represented employees.
 - Annualized new Full Time Equivalent Employees (FTEs) in the 2025 budget.
 - Added new FTEs for 2026.
 - Added resources for customer service and safety & security for the travelling public.
 - Increased maintenance costs for new facilities and higher utilities cost.
 - New Business and Occupation tax, Waterfront Preservation, and other contractual costs.
- The 2026 operating budget includes:
 - \$21.7 million in expenditures for environmental stewardship including \$14.8 in Non-Operating Environmental Expense.
 - \$5.0 million for Workforce Development to support regional Port-related job-training programs.
 - \$2.5 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 \$426.6 million, a \$14.7 million or 3.3 percent decrease from the 2025 budget.
- Net operating income after depreciation is \$118.4 million, a \$55.9 million or 32.1 percent lower than the 2025 budget.

TABLE I-1: 2025 BUDGET SUMMARY

COMPREHENSIVE BUDGET (\$ in 000s)	Notes	Aviation	Non-Aviation	Total
Revenues				
1. Aeronautical Revenues		\$ 615,502	-	615,502
2. Other Operating Revenues	1)	367,381	173,728	541,109
Operating Revenues		982,884	173,728	1,156,611
3. Lease Interest Income		9,872	14,919	24,791
Total Operating Rev plus Lease Interest Income		992,755	188,647	1,181,402
Non-Operating Revenues				
4. Tax Levy		3,080	87,100	90,180
5. PFCs		102,054	-	102,054
6. CFCs		25,327	-	25,327
7. Fuel Hydrant		6,986	-	6,986
8. Non-Capital Grants and Donations		1,184	1,026	2,209
9. Capital Contributions		54,699	-	54,699
10. Interest Income		63,456	11,400	74,857
Total Non-Operating Revenues		256,785	99,526	356,311
Total Revenues		1,249,541	288,173	1,537,713
Expenses				
1. O&M Expense		587,035	143,007	730,041
2. Lease Interest Expenses		7,897	18	7,915
3. SBITA Interest Expense		203	402	606
4. Depreciation		268,206	39,959	308,165
Non-Operating Expenses				
5. Revenue Bond Interest Expense		207,535	2,611	210,147
6. GO Bond Interest Expense		-	17,309	17,309
7. Non-Op Environmental Expense		-	14,800	14,800
8. Public Expense		334	5,929	6,263
9. Other Non-Op Rev/Expense		920	7,709	8,629
Total Non-Operating Expenses		208,789	48,359	257,148
Total Expenses		1,072,130	231,745	1,303,876
Revenues over Expenses		177,410	56,428	233,838
Change In Net Assets		177,410	56,428	233,838
CAPITAL BUDGET				
2026 Capital	2)	\$ 835,887	\$ 97,046	\$ 932,933
EMPLOYEES				
Aviation		1,387.4		1,387.4
Maritime			324.5	324.5
Economic Development			18.0	18.0
Central Services			985.0	985.0
Total		1,387.4	1,327.5	2,714.8

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Notes:

- 1) Other operating revenues for Non-Aviation include \$58.4 million NWSA Distributable Revenue.
- 2) The Capital Budget does not include \$77.1 million of the Port's share of NWSA capital spending in 2026.

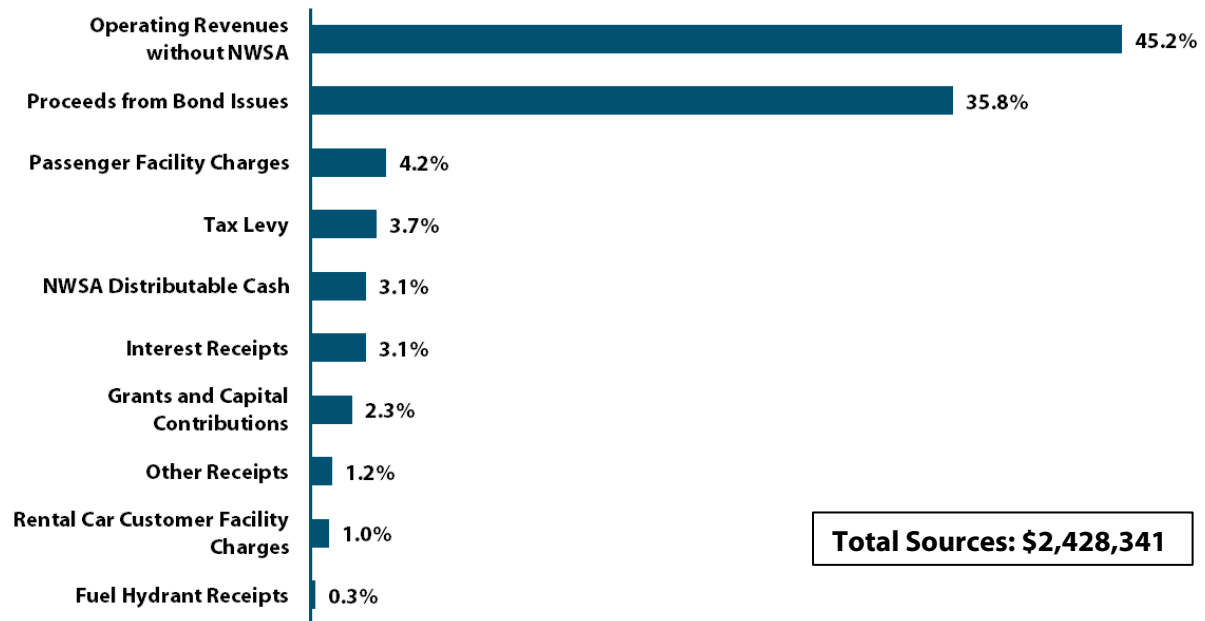
TABLE I-2: CASH FLOW SUMMARY

(\$ in 000's)	2026	Percent of Total
Beginning balance of cash & investments	\$ 2,475,055	
<u>SOURCES OF CASH</u>		
Operating Revenues without NWSA	1,098,210	45.2%
NWSA Distributable Cash	75,539	3.1%
Interest Receipts	74,857	3.1%
Proceeds from Bond Issues	869,000	35.8%
Grants and Capital Contributions	56,908	2.3%
Tax Levy	90,180	3.7%
Passenger Facility Charges	102,054	4.2%
Rental Car Customer Facility Charges	25,327	1.0%
Fuel Hydrant Receipts	6,986	0.3%
Other Receipts	29,280	1.2%
Total	2,428,341	100%
Anticipated available funds	4,903,395	
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	730,041	32.0%
Debt Service:		
Interest Payments	254,739	11.2%
Bond Redemptions	242,340	10.6%
Total Debt Service	497,079	21.8%
Other Expenses	36,439	1.6%
Public Expense	6,263	0.3%
Payment to NWSA for Capital Expenditures	77,091	3.4%
Capital Expenditures	932,933	40.9%
Total	2,279,846	100%
Ending balance of cash & investments	2,623,549	
Increase (decrease) of cash during year	148,494,154	

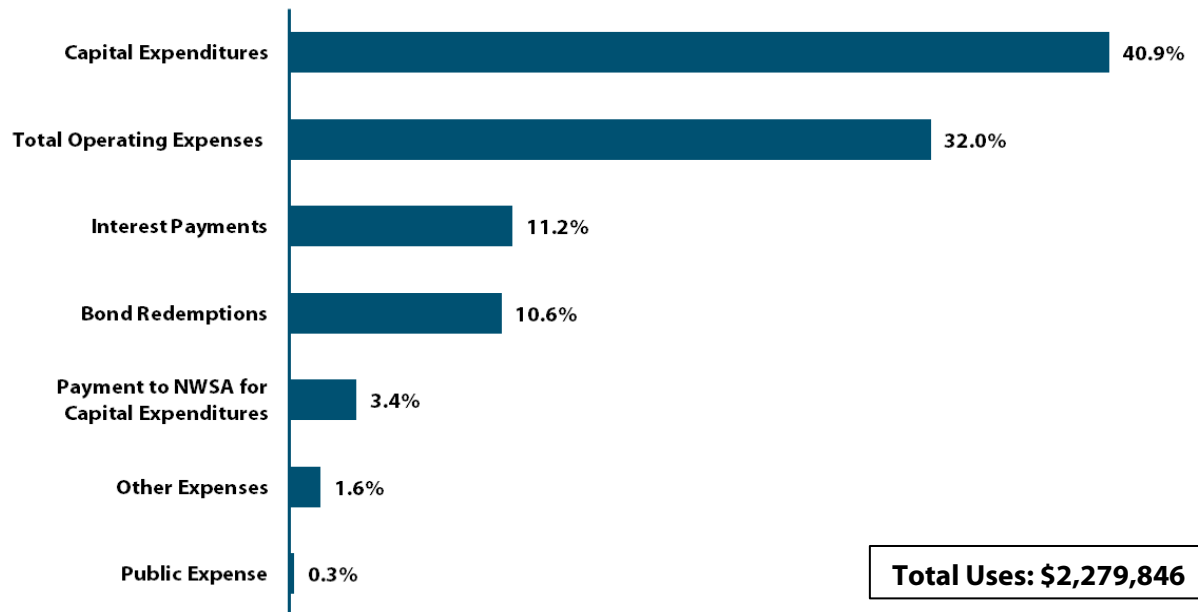
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FIGURE I-1: SOURCES OF CASH

(\$ 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 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 Youth Career Launch program. These programs not only address health and economic inequities but also provide training opportunities and resources for underserved communities to ensure that economic prosperity is equally shared by all communities regardless of race.

C. PORT OF SEATTLE FACILITIES AND SERVICES

The Aviation Division operates SEA, which is located on 2,800 acres, 12 miles south of downtown Seattle. The airport includes 3 runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length and a subway system linking the concourses. SEA is the 11th busiest U.S. airport as measured by passenger volume in 2023 and compared to other large airports, it has relatively high originations and destinations traffic.

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

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

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

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

FIGURE II-1: FACILITY MAP



D. CENTURY AGENDA GOALS



CENTURY AGENDA OVERVIEW



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

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

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

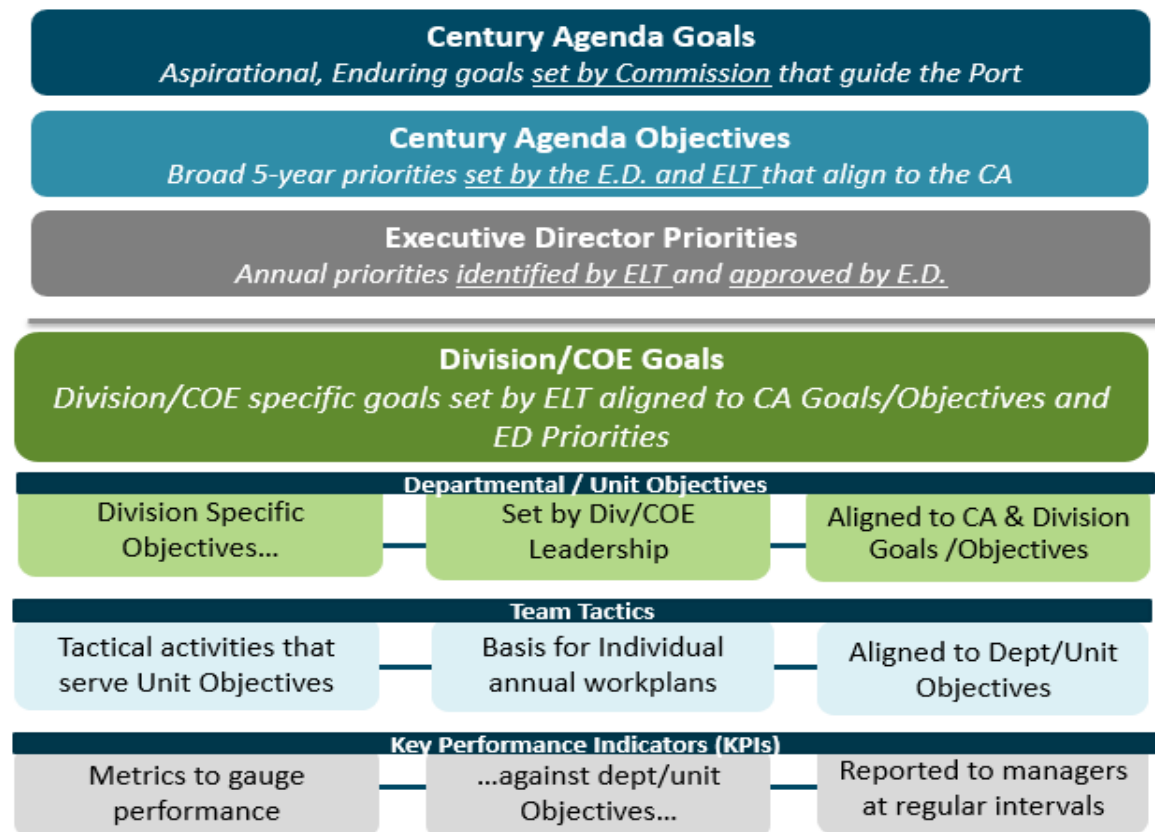
Port-wide Strategic Alignment under the Century Agenda

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

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

The senior officers of the Port are:

Steve Metruck, Executive Director
Karen Goon, Deputy Executive Director
Pearse Edwards, Sr. Director, External Relations
Glenn Fernandes, Director, Internal Audit
Katie Gerard, Sr. Director, Human Resources
Bookda Gheisar, Sr. Director, Equity, Diversity, and Inclusion
Stephanie Jones Stebbins, Managing Director, Maritime Division
Sandy Kilroy, Sr. Director, Engineering, Environment and Sustainability
A Bounjaktha, Managing Director, Economic Development Division
Arif Ghouse, Interim Managing Director, Aviation Division
Mikel O'Brien, Sr. Director, Labor Relations
Pete Ramels, General Counsel & Chief Compliance Officer
Kathy Roeder, Chief of Staff
Elizabeth Morrison, Interim 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.

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III – 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)		2023	2024	2025	2026	2027	2028	2029	2030	2026 - 2030
	Notes	Actual	Actual	Budget	Proposed Budget	Forecast				Compound Growth
Aeronautical Revenue	1) & 2)	\$ 479,697	\$ 520,942	\$ 563,836	\$ 615,502	\$ 714,959	\$ 770,095	\$ 831,247	\$ 909,745	10.3%
Airport Non-Aero Revenues		326,592	348,212	372,280	367,381	379,911	398,501	420,115	445,068	4.9%
Seaport Revenues		105,306	111,996	125,144	115,327	121,444	127,833	134,665	140,524	5.1%
NWSA Distributable Revenue		57,685	62,399	58,333	58,401	55,838	52,499	52,843	47,461	-5.1%
Operating Revenues		969,281	1,043,549	1,119,593	1,156,611	1,272,152	1,348,928	1,438,870	1,542,799	7.5%
Lease Interest Income		-	-	-	24,791					
Total Operating Rev plus Lease Interest Income		969,281	1,043,549	1,119,593	1,181,402	1,272,152	1,348,928	1,438,870	1,542,799	6.9%
O&M Expenses w/o Pension Credit		579,607	675,431	678,288	730,041	774,652	820,398	868,850	920,096	6.0%
DRS Pension Credit		(28,709)	(22,790)	-	-					
O&M Expenses with Pension Credit		550,899	652,642	678,288	730,041	774,652	820,398	868,850	920,096	6.0%
Lease Interest Expense	3)	98	74	17	7,915					
SBITA Interest Expense		578	932	412	606					
Total Operating Exp plus Lease Interest Exp		551,575	653,648	678,717	738,562	774,652	820,398	868,850	920,096	5.6%
NOI Before Depreciation (with Pension Credit)		418,382	390,907	441,305	426,570					
Total Depreciation Expense		256,740	277,917	267,028	308,165					
NOI After Depreciation (with Pension Credit)		\$ 161,642	\$ 112,990	\$ 174,277	\$ 118,405					
Total Capital Budget		\$ 480,920	\$ 779,186	\$ 927,646	\$ 932,933					

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Notes:

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

B. OPERATING BUDGET OVERVIEW

The 2026 budget comprises of the Total Operating Revenues of \$1,156.6 million and Total Operating Expenses of \$730.0 million. Net Operating Income Before Depreciation calculates to \$425.6 million. Net Operating Income After Depreciation is budgeted at \$118.4 million.

- Aviation Division's Operating Revenues are \$982.9 million, a \$46.8 million or 5.0% increase from 2025 budget. Total Operating Expenses are budgeted at \$587.0 million. This represents a \$33.8 million or 6.1% increase compared to the 2025 budget. Net Operating Income Before Depreciation is \$395.8 million.
- Maritime Division's Operating Revenues are \$110.4, a \$7.7 million or 6.5% decrease from 2025 budget. Total Operating Expenses are \$116.0 million, a \$12.2 million or 11.8% increase from 2025 budget. Net Operating Income Before Depreciation is -\$5.5 million.
- Total Operating Expenses for Economic Development Division are \$3.3 million, a \$0.5 million or 14.0% decrease from 2025 budget.
- Total Operating Expenses for Central Services are \$204.7 million, a \$8.8 million or 4.5% increase from 2025 budget.

Budget Overview

- 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 2026 is \$58.4 million, which is included as Operating Revenue in the Port-wide financial statements.

The Non-Operating Revenues are \$381.1 million while Non-Operating Expenses are \$265.7 million for the 2026 budget. More information on the Non-Operating Revenues and Expenses can be found from Table III-2.

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

(\$ in 000's)	2022	2023	2024	2025	2025	2026
Notes	Actual	Actual	Actual	Budget	Forecast	Proposed Budget
Operating Revenue	810,130	969,281	1,043,549	1,119,593	1,165,875	1,156,611
Lease Interest Income	-	-	-	-	-	24,791
Total Operating Rev plus Lease Interest Income	810,130	969,281	1,043,549	1,119,593	1,165,875	1,181,402
Operating Expenses w/o Pension Credit	491,377	579,607	675,431	678,288	689,531	730,041
DRS Pension Credit	(15,638)	(28,709)	(22,790)	-	-	-
Operating Expenses with Pension Credit	475,739	550,899	652,642	678,288	689,531	730,041
Lease Interest Expense	-	98	74	17	3,037	7,915
SBITA Interest Expense	-	578	932	412	725	606
Total Operating Exp plus Lease Interest Exp	475,739	551,575	653,648	678,717	693,293	738,562
NOI Before Depreciation (with Pension Credit)	334,390	418,382	390,907	441,305	476,344	426,570
Depreciation	232,236	256,740	277,917	267,028	267,028	308,165
Operating Income	102,155	161,642	112,990	174,277	209,316	118,405
Non-Operating Income (Expense):						
Ad valorem tax levy revenues	80,785	82,313	85,885	88,390	88,390	90,180
Passenger facility charges revenues	88,284	95,681	99,364	100,944	108,606	102,054
Customer facility charges revenues	24,461	24,657	24,896	25,057	25,057	25,327
Fuel hydrant facility revenues	7,451	6,681	6,389	6,985	6,985	6,986
Non capital grants and donations	153,764	19,192	3,491	4,884	2,970	2,209
Interest income & (expense)	(50,735)	94,541	81,374	72,631	79,450	74,857
Revenue bonds interest expense	(140,838)	(146,686)	(150,434)	(182,905)	(174,993)	(210,147)
GO bond interest income (expense)	(11,877)	(10,162)	(14,365)	(15,323)	(15,323)	(17,309)
Public expense	(8,282)	(20,869)	(11,150)	(7,597)	(2,954)	(6,263)
Non-op environmental expense	(1,296)	(10,056)	(3,072)	(14,800)	246	(14,800)
Other Non-Op Revenue (Expense)	(58,489)	(268)	(12,419)	18,724	64,236	(8,629)
Total non-operating income (expense)	83,229	135,025	109,960	96,989	182,669	44,464
Income Before Capital Contributions	185,384	295,990	221,944	270,837	388,223	179,139
Capital Contributions	38,116	36,309	94,282	53,329	23,651	54,699
Income Before Special Item	\$ 223,500	\$ 332,299	\$ 316,226	\$ 324,166	\$ 411,874	\$ 233,838
Special Item	-	-	(91,107)	-	-	-
Increase In Net Position	\$ 223,500	\$ 332,299	\$ 225,118	\$ 324,166	\$ 411,874	\$ 233,838
Employment (FTES)	2,462.5	2,535.3	2,597.2	2,697.6	2,702.8	2,714.8

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TABLE III-3: REVENUES BY MAJOR BUSINESSES

(\$ in 000's)		2023	2024	2025	2026	% Change
BY ACCOUNT	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
Revenue						
Aeronautical Revenues		\$ 479,697	\$ 520,942	\$ 563,836	\$ 615,502	9.2%
Public Parking		110,990	116,626	119,634	114,531	-4.3%
Rental Cars - Operations		46,506	45,399	45,573	43,555	-4.4%
Rental Cars - Operating CFC		16,954	20,872	21,624	24,307	12.4%
ADR & Terminal Leased Space		74,246	81,612	84,360	85,234	1.0%
Ground Transportation		24,878	23,946	25,901	24,896	-3.9%
Employee Parking		10,574	10,462	14,393	14,138	-1.8%
Airport Commercial Properties		20,370	21,744	32,704	20,475	-37.4%
Airport Utilities		8,666	9,578	10,838	10,551	-2.6%
Clubs and Lounges		11,710	16,709	16,593	16,153	-2.7%
Cruise		41,726	43,145	50,037	49,359	-1.4%
Recreational Boating		15,505	16,555	18,273	19,094	4.5%
Fishing & Operations		11,640	11,771	11,610	11,011	-5.2%
Bulk Terminals		3,356	5,920	5,034	3,055	-39.3%
Central Harbor Management		10,465	9,993	9,779	8,805	-10.0%
Conference & Event Centers		6,738	7,490	9,151	9,430	3.1%
NWSA Distributable Revenue		57,685	62,399	58,333	58,401	0.1%
Other Revenues		17,574	18,386	21,920	28,112	28.2%
Operating Revenue		969,281	1,043,549	1,119,593	1,156,611	3.3%
Lease Interest Income		-	-	-	24,791	0.0%
Total Operating Rev plus Lease Interest Income		\$ 969,281	\$1,043,549	\$ 1,119,593	\$ 1,181,402	5.5%

TABLE4.xlsx

FIGURE III-1: REVENUES BY MAJOR BUSINESSES

(\$ in 000's)

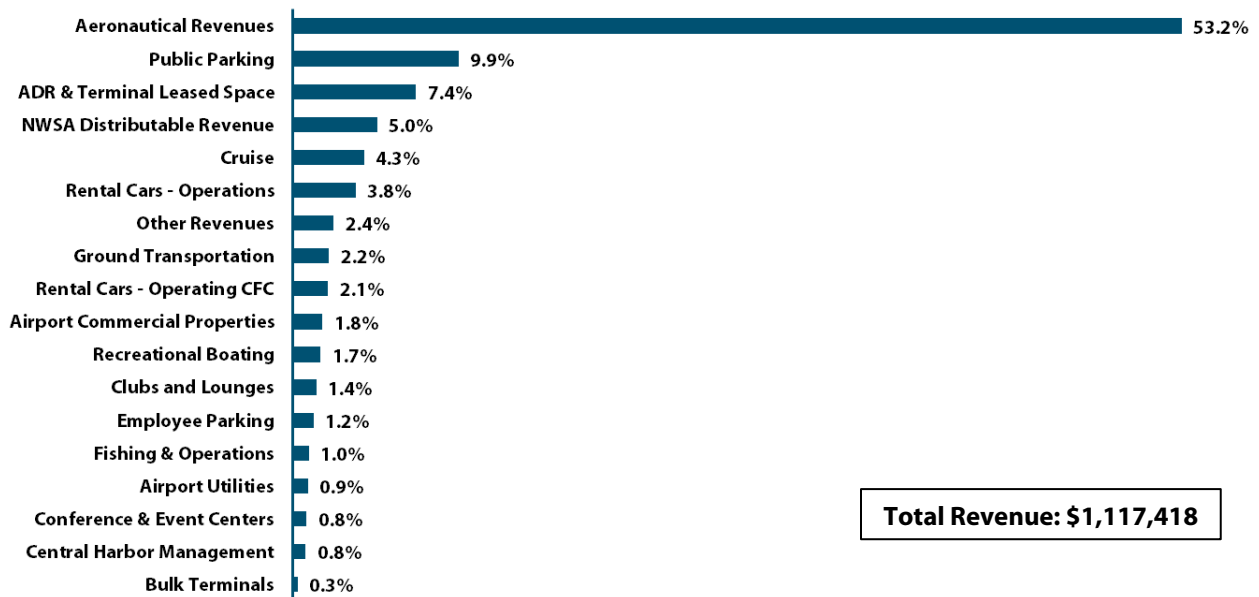


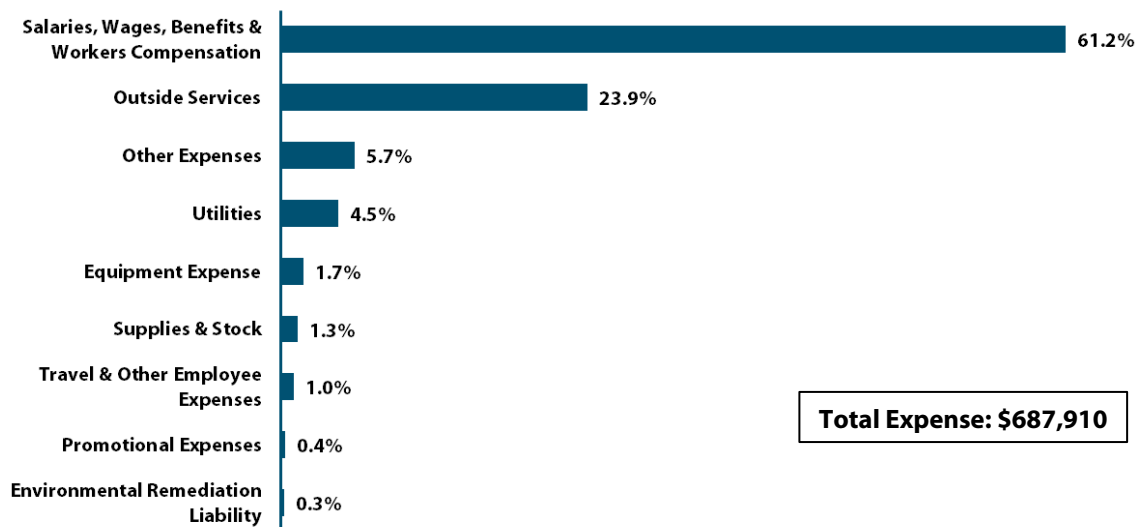
TABLE III-4: EXPENSES BY MAJOR ACCOUNTS

(\$ in 000's)		2023	2024	2025	2026	% Change
BY ACCOUNT	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
Expense						
Salaries, Wages, Benefits & Workers Compensation		\$ 391,432	\$ 451,382	\$ 474,193	\$ 509,557	7.5%
Equipment Expense		12,624	11,790	14,078	14,503	3.0%
Utilities		31,226	33,786	35,622	37,219	4.5%
Supplies & Stock		12,956	12,983	10,432	10,856	4.1%
Outside Services		139,389	161,476	189,554	199,112	5.0%
Travel & Other Employee Expenses		5,511	6,068	8,679	8,685	0.1%
Promotional Expenses		2,729	8,201	2,534	3,025	19.4%
Other Expenses		32,800	65,182	39,228	47,762	21.8%
O&M without Environmental		628,668	750,868	774,318	830,720	7.3%
Environmental Remediation Liability		17,243	1,497	1,589	2,267	42.7%
O&M with Environmental		645,911	752,365	775,907	832,987	7.4%
Charges to Capital/Govt/Envrs Projects/Overhead Alloc		(66,304)	(76,934)	(97,619)	(102,946)	5.5%
O&M Expenses w/o Pension Credit		579,607	675,431	678,288	730,041	7.6%
DRS Pension Credit		(28,709)	(22,790)	-	-	0.0%
O&M Expenses with Pension Credit		550,899	652,642	678,288	730,041	7.6%
Lease Interest Expense		98	74	17	7,915	46899.4%
SBITA Interest Expense		578	932	412	606	47.0%
Total Operating Exp plus Lease Interest Exp		\$ 551,575	\$ 653,648	\$ 678,717	\$ 738,562	8.8%

TABLE4.xlsx

FIGURE III-2: EXPENSES BY MAJOR ACCOUNTS

(\$ in 000's)



C. STAFFING OVERVIEW

Port leaders recognize the importance of investing in its workforce to advance the Port's Century Agenda goals and implement current programs and initiatives. Thus, one of the guiding principles for this budget cycle is to focus on retaining key talent and developing staff through training and upskilling.

At the beginning of the budget cycle, departments across the Port carefully assessed their department goals and staffing needs to meet those goals. Departments submitted justifications for new budget requests including requests for additional staff, and departments presented their business cases to the Executive team. The new budget requests approved by the Executive team are included in the proposed 2026 budget.

The proposed 2026 Full-Time-Equivalent (FTE) budget is 2,714.8, an increase of 0.6% compared to the 2025 budget. Major staffing changes are outlined below:

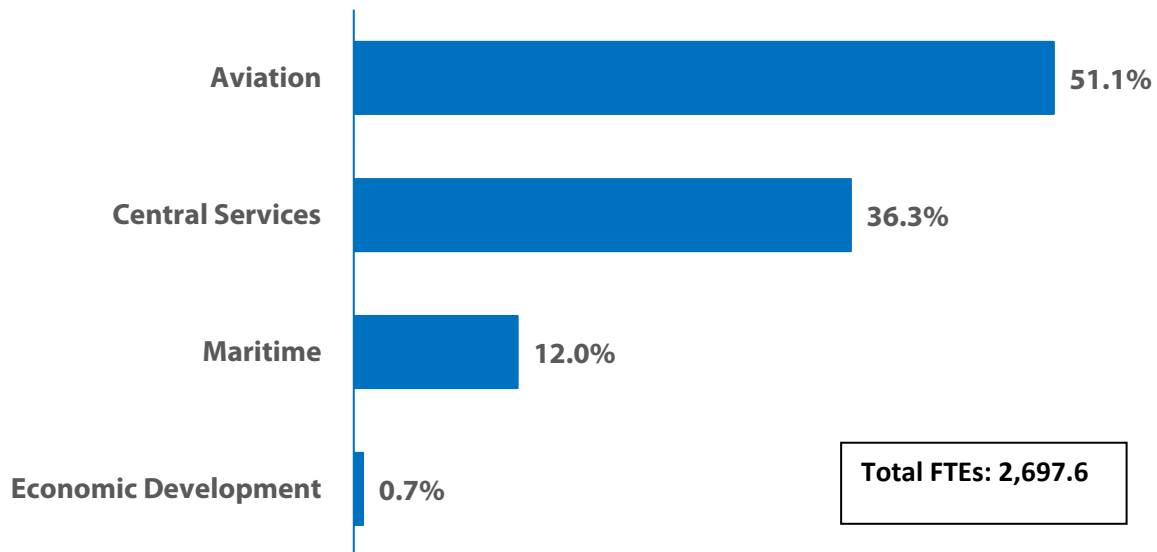
- Aviation added 3.0 mid-year FTEs earlier this year and adjusted 7.0 Emergency hires for a net mid-year adjustment of (4.0). The proposed 2026 FTE budget is 1,387.4, an increase of 0.4% compared to 2025. This number includes 10.0 new FTEs to support strategic functions and achieve key initiatives.
- Maritime was approved to add 3.0 mid-year FTEs earlier this year. The proposed 2026 FTE budget is 324.5, a 0.9% increase over 2025. There will be no new additional FTEs added in 2026.
- Economic Development's proposed 2026 FTE budget is 18.0, same as 2025.
- Central Service's added 6.2 mid-year FTEs and an internal transfer of 1.0 FTE (net zero) from Police to Human resources. The proposed 2026 FTE budget is 985.0, a 0.8% increase over 2025 budget. The proposed 2026 budget includes eliminating 5.0 seasonal and adding 7.0 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 meet organizational needs and division priorities.

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

TABLE III-5: PORT STAFFING BY DIVISION

PORT STAFFING (Full-Time Equivalent Positions)							
Division	2023 Actual	2024 Actual	2025 Budget	2025 Est. Actual	2026 Proposed Budget	# Change 2025 Bud-2026 Prop. Bud	% Change 2025 Bud-2026 Prop. Bud
Aviation	1,277.0	1,317.0	1,381.4	1,377.4	1,387.4	6.0	0.4%
Maritime	291.5	315.5	321.5	324.5	324.5	3.0	0.9%
Economic Development	37.0	18.0	18.0	18.0	18.0	0.0	0.0%
Central Services	929.7	946.8	976.8	983.0	985.0	8.2	0.8%
Total FTE's	2,535.3	2,597.2	2,697.6	2,702.8	2,714.8	17.2	0.6%

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 2026 capital budget is \$1.04 billion.

TABLE III-6: CAPITAL BUDGET

(\$ in 000's)	Notes	2026 Budget	% of 2026 Total Committed
Committed Capital Projects	1)		
Aviation Division		\$ 931,831	89.4%
Maritime Division		99,067	9.5%
Central Services		10,536	1.0%
Other	2)	1,096	0.1%
Total Committed		\$ 1,042,530	100.0%
Business Plan Prospective Projects		\$ 66,783	
CIP Cashflow Adjustment Reserve		\$ (176,381)	
Total CIP		\$ 932,933	

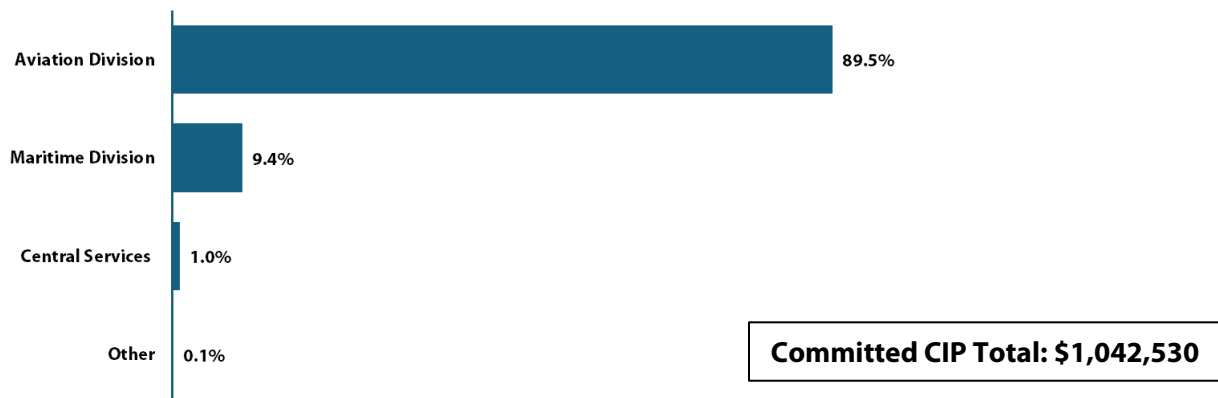
CAPSUM.xlsx

Notes:

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

FIGURE III-4: COMMITTED CAPITAL BUDGET

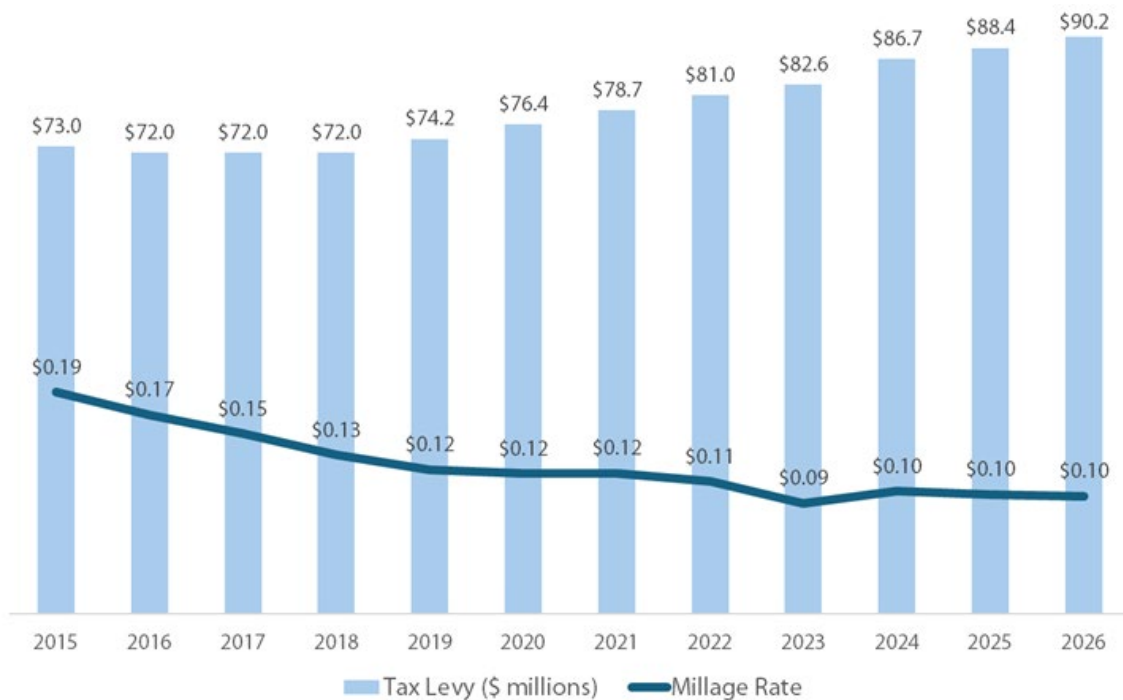
(\$ in 000's)



E. TAX LEVY

- The preliminary maximum allowable levy for 2026 is \$120.2M.
- For 2026 the preliminary levy is \$90.2M, a 2.0 percent increase over the 2025 levy of \$88.4M. The levy is currently under review and may change for the final budget.
- The estimated 2026 millage rate is \$0.0998.
- Planned levy uses in 2026 include:
 - General Obligation (G.O.) Bond debt service.
 - Capital projects reviewed by the Commission.
 - Environmental and climate change initiatives.
 - Sound Insulation projects including Repair and Replacement Pilot and Highline School District.
 - 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 and Port Communities Fund.
 - Duwamish Valley Community Equity Program.
 - Friends of the Waterfront contribution.
 - Seattle Aquarium contribution
 - Support for the Equity, Diversity and Inclusion department and high school internship program.

FIGURE III-5: TAX LEVY VS. MILLAGE RATE 2015-2026



F. EQUITY IN BUDGETING

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IV - AVIATION



AVIATION DIVISION

A. 2026 BUDGET SUMMARY

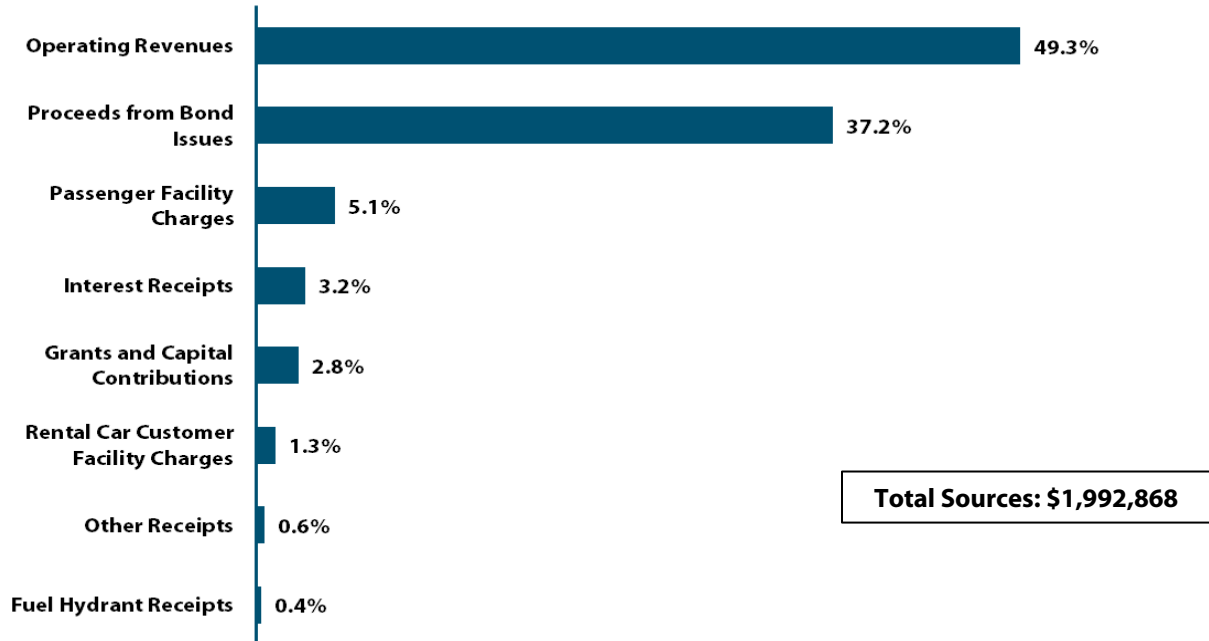
TABLE IV-1: AVIATION CASH FLOW SUMMARY

(\$ in 000's)	2026	Percent of Total
<u>SOURCES OF CASH</u>		
Operating Revenues	982,884	49.3%
Interest Receipts	63,456	3.2%
Proceeds from Bond Issues	742,000	37.2%
Grants and Capital Contributions	55,882	2.8%
Tax Levy	3,080	0.2%
Passenger Facility Charges	102,054	5.1%
Rental Car Customer Facility Charges	25,327	1.3%
Fuel Hydrant Receipts	6,986	0.4%
Other Receipts	11,200	0.6%
Total	1,992,868	100%
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	587,035	31.4%
Debt Service:		
Interest Payments	231,702	12.4%
Bond Redemptions	202,820	10.9%
Total Debt Service	434,523	23.3%
Other Expenses	10,348	0.6%
Public Expense	334	0.0%
Capital Expenditures	835,887	44.7%
Total	1,868,126	100%

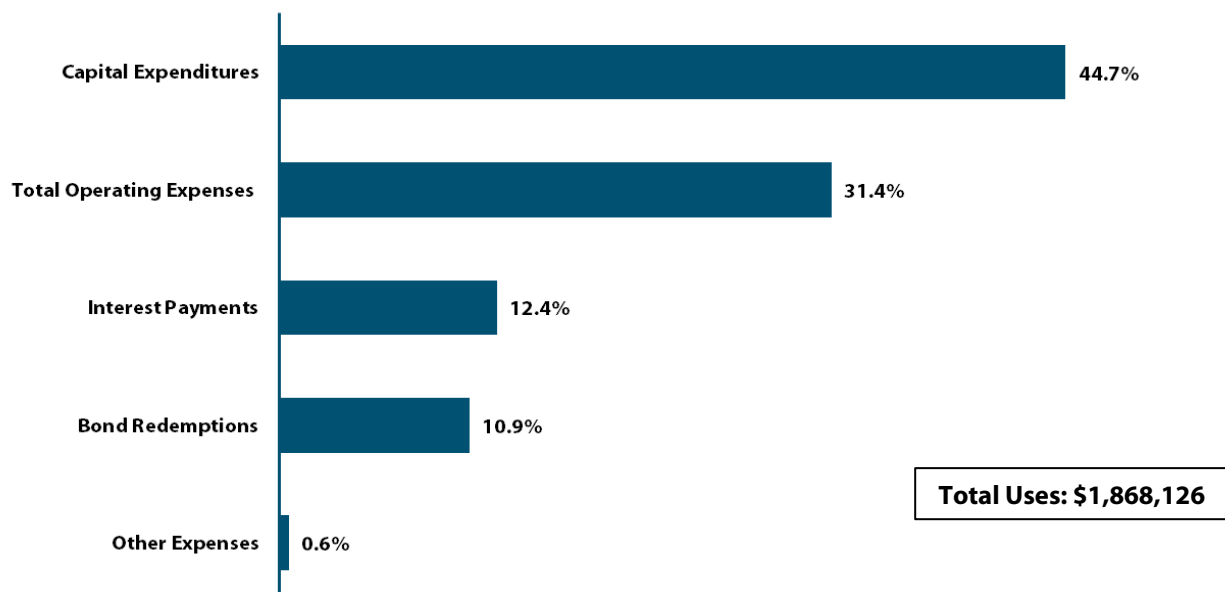
CASHFLW.xlsx

FIGURE IV-1: AVIATION SOURCES OF CASH

(\$ in 000's)

**FIGURE IV-2: AVIATION USES OF CASH**

(\$ in 000's)



B. FINANCIAL FORECAST

TABLE IV-2: AVIATION FINANCIAL FORECAST

(\$ in 000's)	Actual 2024	Budget 2025	Proposed Budget 2026
OPERATING BUDGET			
Aeronautical Revenues	\$ 520,942	\$ 563,836	\$ 615,502
Non-Aeronautical Revenues	348,212	372,280	367,381
Operating Revenues	869,154	936,117	982,884
Lease Interest Income	-	-	9,872
Total Operating Revenues	869,154	936,117	992,755
Operating & Maintenance Expense	377,406	396,054	425,244
Central Services and other Division Costs	131,290	118,543	122,591
Law Enforcement Costs	39,709	38,624	39,200
Operating Expense w/o Pension Credit	548,405	553,222	587,035
Lease Interest Expense	8	-	7,897
SBITA Interest Expense	352	254	203
DRS Pension Credit	(18,577)	-	-
Total Operating Expense w Pension Credit and Lease Interest Expense	530,187	553,476	595,135
Net Operating Income w/o Lease Interest Income/Expense	339,326	382,895	395,849
Net Operating Income with Lease Interest Income/Expense	338,967	382,641	397,620
Total Depreciation Expense	238,265	229,998	268,206
Net Operating Income After Depreciation	101,061	152,897	127,643
Committed Capital Budget	677,727	732,392	931,831
Business Plan Prospective	6,106	174,117	42,099
CIP Cashflow Adj Reserve		(90,179)	(138,044)
Total Capital Budget	683,833	816,331	835,887

Note:

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

TABLE IV-3: AVIATION KEY MEASURES

	Actual 2024	Budget 2025	Proposed Budget 2026
Key Measures (in \$'s)			
Cost per Enplanement (CPE)	15.20	19.43	21.10
O&M per Enplanement	16.59	20.69	21.72
Non-Aero Revenue per Enplanement	10.83	13.92	13.59
Debt per Enplanement	154.25	186.89	164.11
Debt Service Coverage ¹	2.73	1.84	1.56
Traffic (in 000's)			
Enplanements	23,361	26,737	27,031

Note:

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

C. AVIATION DIVISION DESCRIPTION/BUSINESS ASSESSMENT

MISSION & VISION:

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

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

MAJOR/NEW INITIATIVES:

- Implement actions from the Cyber Event After Action Report.
- Implement parking garage audit security enhancements.
- 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 the Part 150 noise and land use compatibility study.
- Continue the accelerated home insulation noise program.
- Increase partner participation in Allies Against Human Trafficking initiative.
- Achieve 2026 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 2024. 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:

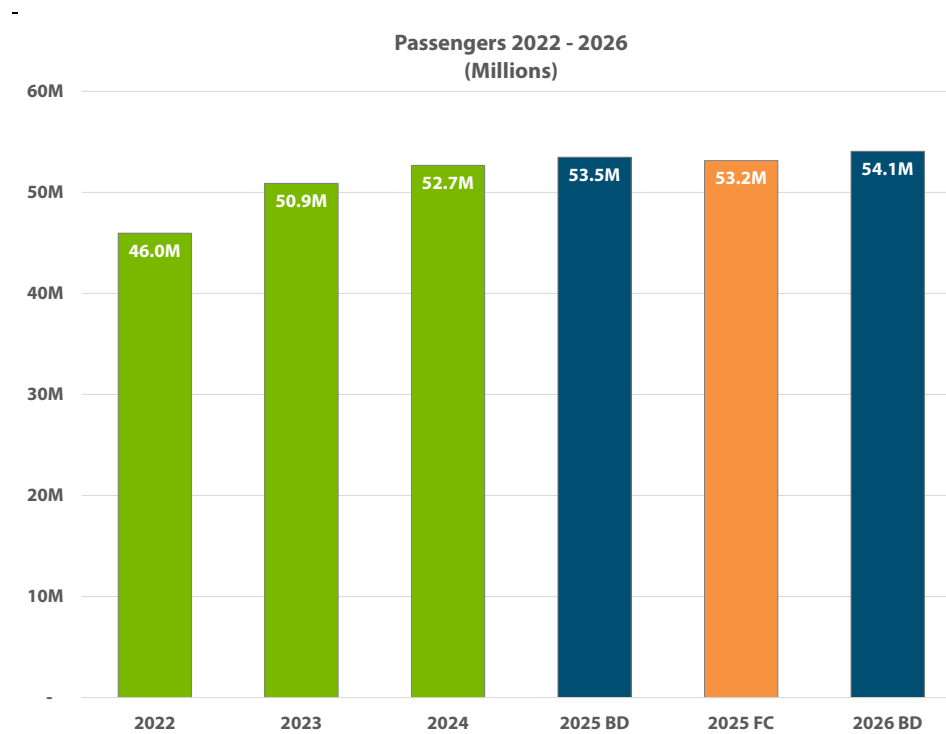
Air travel demand continues to be strong in 2025. Passenger volumes are expected to exceed 53 million for the full year, surpassing the previous record set in 2024. International passengers are on track to exceed 10% growth in 2025, supported by the addition of six (6) new international services this year.

Looking ahead to 2026, uncertainties about the strength of the U.S. economy, and the impact of wars in Ukraine and the Middle East continue. While the demand for air travel further moderated in 2025, it continues 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. Alaska Airlines plans to serve 12 intercontinental destinations with its own aircraft from Seattle by 2030.

BUSINESS ASSESSMENT/DRIVERS:

Passenger volumes have shown consistent year-over-year growth since 2022, driven by strong regional demand and continued recovery in air travel. In 2024, volumes reached 52.7 million, fully recovering to pre-pandemic levels. For 2026, total passengers are projected to reach 54.1 million, an increase of 1.7% over 2025 forecast and approximately 3.5% above 2024 levels.

FIGURE IV-3: AIRPORT PASSENGER FORECAST**TABLE IV-4: AVIATION PASSENGER FORECAST**

The table below shows the annual change in passenger volume growth from 2022 to 2024, along with the 2025 Budget (BD) and Forecast (FC), and the 2026 Budget (BD) projection.

YoY Change %	
2022	27.1%
2023	10.7%
2024	3.5%
2025 BD	1.5%
2025 FC	0.9%
2026 BD	1.7%

CHALLENGES AND OPPORTUNITIES:**Strengths:**

- SEA Brand, customer-focused culture, tenant engagement.
- Emerging technologies enhance customer experience, revenue and operational efficiencies.
- New acquisitions: Office Buildings & MasterPark purchases.
- High performing grant solicitation program.

Weaknesses:

- Increasing airport costs to airlines/tenants.
- Project construction impacts.
- Capital program affordability.
- Constrained and aging facilities.
- Staffing challenges.

Opportunities:

- Regional economy, demand for travel (2026 FIFA World Cup).
- Emerging technologies to enhance customer experience.
- Growth through AAG alliance with **oneworld**.
- Community interests.

Threats:

- Cyber attacks.
- Regulatory uncertainty and lack of agency resources.
- Volatile construction market, supply chain issues, labor shortages, pilot shortage, increasing cost, tariffs.
- Schedule disruption to 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 fund capital improvements and build up cash reserves to meet liquidity targets.

Overview of Major Changes in 2026 Budget

The 2026 Budget forecasts an overall enplanement increase of 1.7% compared to the 2025 forecast. International passenger volumes are also projected to grow at 6.9% higher than 2025 forecast.

To manage costs effectively, the focus of the 2026 Budget is on strategically increasing the operating expense budget. This includes supporting the growth of passenger volumes, aligning budget increases with key airport initiatives, and enhancing operating expenses for the growing airport capital program. Planned budget adjustments involve modest increase of headcount in critical areas, offering competitive pay raises to retain and attract essential staff, and targeted increases in non-payroll expenses.

Revenues

Aeronautical revenues are governed by a cost recovery framework, which directly aligns airline fees with the airport's operating and capital expenditures. Key cost drivers include rising payroll obligations, increased operational demands associated with the growth of the traveling public, the airport's expanding infrastructure and strategic investments in core airport initiatives.

These factors, combined with higher debt service obligations from capital development, are reflected in the aeronautical rate base for the 2026 Budget. Costs covered by federal grants are excluded from the cost recovery process.

Non-Aeronautical revenue growth was strong during 2025, outpacing the growth in passenger volumes in most lines of business. Non-Aeronautical revenue growth is expected to be more modest in 2026, due to slowing demand for close-in parking and the impacts of capital construction around the airport.

Operating Expense Drivers

Total airport operating expenses (including cost from other divisions) are budgeted to increase by \$34M, or 6.1% compared to the 2025 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 2026 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 2025 BUDGET

(\$ in 000's)

Remove 2025 non-recurring expense	(25,195)
2026 Change in Charges to Capital (decrease in OpExp)	(1,577)
2026 Increase to baseline budget	30,698
Exceptions: Change in Regulated Materials	(678)
Budget Reduction before new Budget Requests	3,248
Proposed 2026 additions (baseline)	8,062
Proposed 2026 additions (non-recurring)	18,369
Subtotal - new Budget Requests	26,431
Incremental Budget Change - Total O&M	29,679

2026 Budget Changes Summary.xlsx

TABLE IV-6: AVIATION PAYROLL COST INCREASES

2026 Payroll Cost Increases compared to 2025 Budget:	\$000's
<u>Payroll Increases (before new FTE requests)</u>	
Non-Represented Annual Increases (Pay & Benefits)	7,620
Represented Annual Increases (Pay & Benefits)	14,731
Annualized new FTEs approved in 2025 Budget	3,071
Add New FTEs approved in 2025 (mid-year approvals)	116
All other payroll increase/adjustments	(6,181)
Total Baseline Payroll Increases	19,356
Less incremental change in 4% Payroll Vacancy	1,075
Proposed new FTEs (budget requests)	942
2026 Payroll Cost Increases:	21,373

2026 Budget Changes Summary.xlsx

TABLE IV-7: AVIATION NON-PAYROLL COST INCREASES

2026 Non-Payroll Cost Increases compared to 2025 Budget:		\$000's
<u>Non-Payroll Cost Increases due to revenue growth</u>		
Clubs & Lounges - higher usage/increased volume	1,928	
Credit Card usage fee increases	(171)	
B&O tax correction	3,953	
Total Non-Payroll Cost Increases due to revenue growth	5,710	
<u>Other Non-Payroll Cost Increases</u>		
Aviation contract increases	2,700	
Utilities increase (rate & usage)	(30)	
All other Aviation Non-Payroll decrease to baseline budget	(411)	
Total Other Non-Payroll Cost Increases	2,259	
Change to Charges to Capital (results in lower OpExp)	(1,577)	
Net Increase to Non-Payroll Baseline Budget		6,392
Change in ERL expense	678	
Remove 2025 Budget "one-time" non-payroll items	(25,195)	
Proposed Non-Payroll expense (new 2026 Budget Requests)	26,431	
2026 Non-Payroll Cost Increase:		8,306

2026 Budget Changes Summary.xlsx

TABLE IV-8: AVIATION INCREASE CHARGES TO CAPITAL PROJECTS

Increase in 2026 Budget Charges to Capital compared to the 2025 Budget:		\$000's
<u>Higher budgeted Charges to Capital (results in lower OpExp)</u>		
Decreased payroll costs charged to Capital	730	
All other increased Aviation payroll costs charged to Capital	526	
Decrease in consulting & overhead charged to Capital	(2,833)	
Total increase in Charges to Capital (decrease to OpExp)	(1,577)	

2026 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 2026 Budget.

Description	Total (\$000s)
TSA Exit Lane Staffing	\$3,500
Expense Components Related to Capital Projects	\$2,605
N06478 FCSP/Flight Corridor Safety Program - Port Property	\$2,002
Onsite Consultants to Tenant Expense	\$2,000
On Call Planning - Airfield Study	\$1,725
Zone 2 - Custodial Service Contract New RFP	\$1,650
2026 Lounge OpEx Increase	\$1,200
SEA Moves: Contractor Support	\$769
Part 150 Noise and Land Use Compatibility Study	\$750
2026 New Air Service Incentive Program	\$700
Checked Baggage Technical Contract for Onsite Support	\$670
SAMP NTP Environmental Review (SEPA)	\$550
SEA BIM 2026	\$500

The full list of approved additions to the 2026 Budget are explained below in the context of the Problem / Need / Opportunity they are identified to address.

TABLE IV-10: AVIATION APPROVED BUDGET ADDITIONS**Asset & Financial Stewardship**

Budget Request Title	Baseline	Non-Baseline	Total
Onsite Consultants to Capital - (100% capital)	\$0	\$11,563,606	\$11,563,606
Onsite Consultants to Capital - Offset	\$0	(\$11,563,606)	(\$11,563,606)
Expense components related to Capital Projects	\$0	\$2,605,000	\$2,605,000
Project Controls support	\$0	\$2,584,442	\$2,584,442
Project Controls support related to Capital	\$0	(\$2,338,442)	(\$2,338,442)
Onsite Consultants to Tenant Expense	\$0	\$2,000,000	\$2,000,000
On call planning - airfield study	\$700,000	\$1,025,000	\$1,725,000
Zone 2 - Custodial Service Contract New RFP	\$1,650,000	\$0	\$1,650,000
2026 Lounge OpEx Increase	\$1,200,000	\$0	\$1,200,000
2026 New Air Service Incentive Program	\$0	\$700,000	\$700,000
SEA BIM 2026	\$0	\$500,000	\$500,000
Comprehensive Survey of Airport Property	\$0	\$450,000	\$450,000
Renewal of our Operational Technology system aging hardware	\$0	\$291,000	\$291,000
Clean Buildings Performance Standard Compliance	\$0	\$275,000	\$275,000
STOC Tenant Improvement Allowance	\$0	\$250,000	\$250,000
Preconditioned Air Improvements	\$0	\$200,000	\$200,000
Project Development Technical Support	\$0	\$150,000	\$150,000
188th Street Tunnel Mechanical Service Contract	\$150,000	\$0	\$150,000
Taxi Virtual Queue Implementation Consultant	\$0	\$150,000	\$150,000
ADDITION: Various Terminal Furniture Replacements	\$150,000	\$0	\$150,000
Building Envelope Assessment	\$0	\$100,000	\$100,000
STOC space planning/scenario support	\$0	\$100,000	\$100,000
Landside Pavement Management Program	\$0	\$100,000	\$100,000
Concourse C Expansion Solar Panel Service Contract	\$100,000	\$0	\$100,000
Additional Building Permit Plan & Inspection Review Support	\$100,000	\$0	\$100,000
Concourse C Expansion Heat Pump Service Contract	\$75,000	\$0	\$75,000
188th Street Tunnel Inspection - Electrical Service Contract	\$75,000	\$0	\$75,000
Outfit new Conc A lounge	\$0	\$75,000	\$75,000
Department of Ecology Dam Safety Support	\$65,000	\$0	\$65,000
Stormwater Vault Cleaning	\$0	\$55,000	\$55,000
Projects estimating Consulting Services	\$0	\$54,000	\$54,000
Replace/Add Port owned/leased passenger baggage cages	\$0	\$50,000	\$50,000
*Life Cycle Cost Analysis (LCCA) Implementation	\$0	\$50,000	\$50,000
Additional Accela licenses & implementation of ePermitHub	\$50,000	\$0	\$50,000
Rental Car Facility (RCF) Maintenance and other contract services	\$35,000	\$0	\$35,000
West MSE Wall Tie Back Condition Inspection	\$0	\$25,000	\$25,000
Stormwater Pond Vegetation Cleaning	\$25,000	\$0	\$25,000
Develop Enterprise Asset Management Dashboard for Maximo Interface	\$0	\$25,000	\$25,000
Asset & Financial Stewardship Total	\$4,375,000	\$9,476,000	\$13,851,000

Customer Experience

Budget Request Title	Baseline	Non-Baseline	Total
Daifuku Services America Corporation - Service Contract for Onsite Personnel	\$670,000	\$0	\$670,000
SEA Branding	\$0	\$100,000	\$100,000
Additional Lost & Found Contract Scope	\$85,000	\$0	\$85,000
Pet Relief area replacements	\$0	\$60,000	\$60,000
SEA Supplemental Signage	\$0	\$60,000	\$60,000
Purchase 3000 Baggage Tubs for travellers with odd-size	\$0	\$60,000	\$60,000
Garage stall restriping for ADA compliance (Reserved Parking expansion)	\$0	\$50,000	\$50,000
SEA Pathfinder Program	\$0	\$50,000	\$50,000
SEA Public Engagement Events	\$0	\$50,000	\$50,000
FID System Support	\$40,000	\$0	\$40,000
Employee Parking Expansion - Baseline Support	\$32,000	\$0	\$32,000
Airport Interactive Map (Atrius) Language Add-On - Language Access	\$24,000	\$0	\$24,000
Language Access - Signage	\$0	\$10,000	\$10,000
Customer Experience Total	\$851,000	\$440,000	\$1,291,000

Employee Engagement

Budget Request Title	Baseline	Non-Baseline	Total
Childcare Center Feasibility Study	\$0	\$350,000	\$350,000
Office Space furniture/chair replacement	\$0	\$100,000	\$100,000
Training budget	\$0	\$60,000	\$60,000
Purchase Equipment for the Baggage Handling System (BHS) Operation team	\$0	\$25,000	\$25,000
New Lockers for additional FTEs	\$0	\$18,000	\$18,000
Employee Engagement Total	\$0	\$553,000	\$553,000

Health, Safety, and Security

Budget Request Title	Baseline	Non-Baseline	Total
TSA Exit Lane Staffing	\$0	\$3,500,000	\$3,500,000
Part 139 compliance_New Asset	\$200,000	\$0	\$200,000
Apparatus Tools, Equipment, and Training Supplies	\$30,000	\$140,000	\$170,000
Fire Alarm Equipment	\$0	\$150,000	\$150,000
Bunker Gear Cleaning	\$0	\$100,000	\$100,000
Hazardous Materials (HazMat) Equipment	\$0	\$100,000	\$100,000
CPB Enhanced Primary Passenger Contract	\$75,000	\$8,500	\$83,500
Fire Extinguishers	\$65,000	\$0	\$65,000
Increased cost for uniform rental/laundrying service for Field Crew and new uniform for Painters and stripers	\$65,000	\$0	\$65,000
Self Contain Breathing Apparatus (SCBA)	\$0	\$50,000	\$50,000
Personal Protective Equipment (PPE) and Uniforms	\$0	\$50,000	\$50,000
Technical Rescue Equipment	\$42,000	\$0	\$42,000
Public Automated External Defibrillators (AED)	\$0	\$40,000	\$40,000
Purchase of Software Licenses Poppulo Licenses related to a new signage for Check point 1	\$35,000	\$0	\$35,000
Cloud Storage Transcore (Parking System) for collecting commercial vehicle revenues	\$30,270	\$0	\$30,270
Chlorine Analyzer Pilot Project	\$0	\$19,000	\$19,000
Third party evaluation and audit of SMS performance & efficacy	\$0	\$10,000	\$10,000
Health, Safety, and Security (includes passengers) Total	\$542,270	\$4,167,500	\$4,709,770

Sustainability & Community

Budget Request Title	Baseline	Non-Baseline	Total
N06478 FCSP/Flight Corridor Safety Program - Port Property	\$0	\$2,001,500	\$2,001,500
SEA Moves: Contractor Support	\$769,000	\$0	\$769,000
Part 150 Noise and Land Use Compatibility Study	\$0	\$750,000	\$750,000
SAMP NTP Environmental Review (SEPA)	\$0	\$550,000	\$550,000
Summer Bussing Operations (Terminal to Terminal)	\$255,000	\$0	\$255,000
Stormwater Permit Renewal Support	\$0	\$150,000	\$150,000
PFAS Treatment Technology Pilot Test	\$0	\$150,000	\$150,000
Land Stewardship (Washington Conservation Corps)	\$100,000	\$0	\$100,000
Language Access Plan - AVCM requirements	\$85,000	\$0	\$85,000
Air Quality Technical Services (Regulatory)	\$80,000	\$0	\$80,000
SEA Moves: UW TRAC	\$0	\$50,000	\$50,000
Aqueous Film Forming Foam (AFFF) Rebound Monitoring	\$0	\$25,000	\$25,000
Sustainability & Community Total	\$1,289,000	\$3,676,500	\$4,965,500

TABLE IV-11: AERONAUTICAL BUSINESS

Aeronautical NOI (\$ in 000's)	2023 Actuals	2024 Actuals	2025 Budget	2025 Forecast	2026 Proposed Budget	Incr (Decr) Change from 2025 \$ %	
Rate Base Revenues							
Airfield Movement Area	142,797	170,821	166,149	168,041	181,983	15,834	9.5%
Airfield Apron Area	26,118	32,270	35,432	35,931	35,478	46	0.1%
Terminal Rents	251,892	279,722	286,307	289,814	319,050	32,743	11.4%
Federal Inspection Services (FIS)	41,214	15,206	49,811	49,918	54,056	4,246	8.5%
Total Rate Base Revenues	462,020	498,019	537,699	543,704	590,568	52,869	9.8%
Airfield Commercial Area	17,677	22,922	26,137	26,866	24,934	(1,203)	(4.6%)
Total Aeronautical Revenues	479,697	520,942	563,836	570,570	615,502	51,666	9.2%
Total Aeronautical Expenses	308,162	367,736	373,174	381,760	387,462	14,288	3.8%
SBITA Interest Expense	332	281	218	218	165	(53)	(24.3%)
expense	171,203	152,925	190,445	188,592	227,876	37,431	19.7%
Debt Service	(144,395)	(157,518)	(179,527)	(179,527)	(204,309)	(24,782)	13.8%
Net Cash Flow	26,808	(4,593)	10,917	9,065	23,566	12,649	115.9%

Table IV-11: Aeronautical Business

- Debt service costs increased due to completed projects, including the C Concourse, North Main Terminal, A Concourse, and airfield pavement improvements.
- O&M increases related to standard payroll increases, contractual increases, and new budget requests.
- 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

Aeronautical Cost Drivers (\$ in 000's)	2025 Budget	2025 Forecast	2026 Proposed Budget	Incr (Decr) Change from 2025 \$ %	
O&M ⁽¹⁾	360,905	365,994	375,023	14,119	3.9%
Debt Service Before Offsets	236,757	237,699	277,614	40,858	17.3%
Debt Service PFC Offset	(93,230)	(93,247)	(92,468)	762	-0.8%
Net Debt Service	143,527	144,452	185,146	41,620	29.0%
Amortization	36,712	36,712	33,685	(3,027)	-8.2%
Space Vacancy	(672)	(681)	(2,725)	(2,053)	305.4%
Grants and Other	(2,773)	(2,773)	(563)	2,210	-79.7%
Rate Base Revenues	537,699	543,704	590,568	52,869	10%
Commercial area	26,137	26,866	24,934	(1,203)	-5%
Total Aero Revenues	563,836	570,570	615,502	51,666	9%

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

Aero Cost Driver Highlights (Change compared to 2025 Budget):

- Aeronautical rate-based operating expenses increased by \$53M. Below is the breakout of the Aero Operating Expenses:
 - Aero direct O&M increase of \$14.1M, of which 96% of the increase is from nonpayroll and charges from other divisions.

- Payroll increase of \$0.6M – includes aeronautical share of inflation, performance and contractual increases from 2025 payroll budget, annualization of new positions added in 2025, mid-year positions approved in 2025, and new positions approved 2026 Budget.
- Outside Services increased by \$3.9 million due to a mix of expanded contract work, inflation-related price hikes, and new or one-time service agreements. Major contributors include contracts for TSA exit lane staffing of \$3.5M, janitorial and window cleaning, baggage handling, planning support, and SEA Moves. These increases were partially offset by reductions in noise program funding, environmental review work, legal expenses, and other project adjustments.
- Other Expenses (Equipment, Utilities, Supplies, Promo, Travel, General/Other) increases of \$5.4M – includes various small changes in baseline and one-time budget requests.
- Environmental Remediation Liability (ERL) expenses increased by \$.7M.
- Overhead Allocations represent decrease of \$2M.
- Divisional Allocations and Internal Utility Allocations increase of \$3.6M.
- Other Division Allocations increase of \$3.8M.
- Debt Service net increased by \$41.6M:
 - The \$40.9M rise in gross debt service costs is driven by higher financing requirements across several key program areas—primarily the Terminal Building, Airfield Movement Area, and FIS.
 - The Terminal Building category accounts for most of the increase due to continued spending on the North Main Terminal Redevelopment, Terminal Low Voltage System Upgrades, and expansions at Concourses C and A. The Airfield Movement Area increase reflects the 188th Street Tunnel Lighting project, while higher FIS costs are tied to the International Arrivals Facility (IAF).
 - These increases are partially offset by lower Debt Service Exclusions, reflecting updated project allocations and revised timing for the North Main Terminal Redevelopment and C1 Building Expansion.
 - PFC offsets remain consistent with 2025, with only a slight rate base variation due to Terminal-to-Non-Aeronautical allocation changes.
- Amortization equity, use of Airport Development Funds (ADF), to fund construction capital projects decreased by (\$3.0M):
 - The reduction is mainly due to a shift from ADF funding to bond financing for capital projects such as Airfield Snow Equipment, combined with fewer high-value asset additions compared to the prior year.
 - Additionally, prior-year corrections were made to recognize grant credits for the Airfield Pavement Program and Baggage Optimization, further reducing the amortization base. No significant new ADF-funded assets were capitalized in 2026, resulting in a smaller overall amortization relative to 2025.
- Space vacancy – increase due to higher Public-accessible Office space vacancy.

TABLE IV-13: NON-AERONAUTICAL BUSINESS

Non-Aeronautical NOI (\$ in 000's)	2023	2024	2025	2025	2026	Incr (Decr) Change from 2025 Budget	
	Actuals	Actuals	Budget	Forecast	Proposed Budget	\$	%
Non-Aeronautical Revenues							
Transportation Mgmt Association	-	-	-	631	717	717	0.0%
Public Parking	110,990	116,626	119,634	116,403	114,531	(5,103)	(4.3%)
Rental Cars ¹	63,460	66,271	67,197	69,128	67,862	665	1.0%
Ground Transportation	24,878	23,946	25,901	24,578	24,896	(1,005)	(3.9%)
Employee Parking	10,574	10,462	14,393	12,261	14,138	(255)	(1.8%)
Landside Total	209,902	217,304	227,125	223,000	222,144	(4,981)	(2.2%)
AV Business & Properties¹	40,374	46,363	57,027	62,673	56,497	(530)	(0.9%)
Airport Dining & Retail ¹	65,952	73,703	76,630	72,799	77,078	448	0.6%
Tenant Marketing	1,532	902	-	-	503	503	
AOB Conference Center	185	252	280	200	228	(52)	(18.6%)
AV Commercial Management	67,670	74,857	76,910	72,999	77,809	899	1.2%
Utilities	8,666	9,578	10,838	10,838	10,551	(287)	(2.6%)
Building Permit Fee	344	152	381	381	381	-	0.0%
Total Non-Aeronautical Revenues	326,956	348,254	372,280	369,890	367,381	(4,899)	(1.3%)
Total Non-Aeronautical Expenses	137,529	162,092	180,048	182,254	199,573	19,524	10.8%
Non-Aeronautical NOI	189,427	186,163	192,232	187,636	167,809	(24,424)	(12.7%)
Less: CFC Excess	(7,709)	(10,174)	(9,210)	(9,210)	(11,896)	(2,686)	29.2%
Lease Interest Income ²	-	-	-	-	9,872	9,872	
Lease Interest Expense/SBITA	(56)	(79)	(36)	(35)	(7,938)	(7,901)	21,770.9%
Adjusted Non-Aeronautical NOI	181,663	175,910	182,986	178,391	157,847	(25,139)	(13.7%)
Debt Service	(27,096)	(43,887)	(34,633)	(34,633)	(48,701)	(14,068)	40.6%
Net Cash Flow	154,567	132,023	148,353	143,758	109,146	(39,207)	(26.4%)

1. Removes tenant lease payments from operating revenues and moves to non-operating interest income for 2026 Budget only.

2. Lease payments from tenants treated as non-operating interest income and lease interest expenses.

Non-Aeronautical Highlights (Change compared to 2025 Budget):

Non-Aeronautical Revenue

Non-Aeronautical Operating Revenue experienced strong growth in 2024 and is continuing into 2025. In most lines of business, revenue growth is outpacing passenger volume growth. Non-Aero revenue is expected to be more modest in 2026.

- Parking – demand for close-in parking has slowed in 2025 and is expected to continue in 2026. The overall market for offsite parking around the city of SeaTac has seen similar trends.
- Rental Cars – concession revenue remains steady. Rental Car operations have stabilized after earlier fleet vehicle shortages. Revenue growth in 2026 is expected to continue at a more moderate rate.
- Ground Transportation (GT) – GT trip activity and revenue continues to grow at a modest pace. Demand for Transportation Network Company (TNC) trips is growing slightly faster than growth in passenger volumes. TNC revenue in the 2026 Budget does not include a rate increase. Taxi operations are expected to grow at a rate more closely aligned with passenger volume growth.
- Aviation (AV) Business & Properties – real estate leases continue to be stable source of revenue. 2026 growth from the real estate properties and leases, however, will be offset by a Port-owned lounge closure due to planned construction.
- Airport Dining & Retail (ADR) – passenger demand for a wide range of ADR offerings continue to outpace the growth in passenger volumes. New units opening in the concourse C expansion capital project will help drive 2026 growth. ADR passenger demand, however, 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 2026 Budget reflects known impacts from those ongoing construction projects.

Non-Aeronautical Operating Expense

The Non-Aeronautical share of 2026 operating expenses are budgeted to increase \$19.5M, a 10.8% increase from 2025 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

	2022	2023	2024	2025	2026	Incr (Decr)	
Non-Aeronautical Revenue	Actual	Actuals	Actuals	Budget	Proposed Budget	Change from 2025 Budget	
						\$	%
Non-Aeronautical Revenues							
Transportation Mgmt Association	\$ -	\$ -	\$ -	\$ -	\$ 0.03	\$ 0.03	
Public Parking	3.87	4.37	4.44	4.47	4.24	(0.24)	-5.3%
Rental Cars ¹	2.54	2.50	2.52	2.51	2.51	(0.00)	-0.1%
Ground Transportation	0.91	0.98	0.91	0.97	0.92	(0.05)	-4.9%
Employee Parking	0.46	0.42	0.40	0.54	0.52	(0.02)	-2.8%
Landside Total	7.78	8.27	8.26	8.49	8.22	(0.28)	-3.3%
AV Business & Properties¹	1.39	1.59	1.76	2.13	2.09	(0.04)	-2.0%
Airport Dining & Retail ¹	1.73	2.60	2.80	2.87	2.85	(0.01)	-0.5%
Tenant Marketing	0.06	0.06	0.03	0.00	0.02	0.02	
AOB Conference Center	0.01	0.01	0.01	0.01	0.01	(0.00)	-19.5%
AV Commercial Management Total	1.79	2.67	2.85	2.88	2.88	0.00	0.1%
Utilities	0.35	0.34	0.36	0.41	0.39	(0.02)	-3.7%
Total Revenues per Enplanement	11.17	12.89	13.24	13.92	13.59	(0.33)	-2.4%
ADR Sales per Enplanement	15.71	16.65	17.22	18.00	18.30	0.30	1.6%
Enplanements (# in 000's)	22,966	25,371	26,295	26,737	27,031	294	1.1%

1. Removes tenant lease payments from operating revenues and moves to non-operating interest income for 2026 Budget only.

TABLE IV-15: AVIATION REVENUE BY ACCOUNT

(\$ in 000's)	2023	2024	2025	2026	Incr/(Decr)	
					from 2025	
Revenue by Account	Actual	Actual	Budget	Proposed Budget	\$	%
Equipment Rental	\$ 7,908	\$ 6,884	\$ 8,102	\$ 7,542	\$ (561)	-6.9%
Landing Fees	138,418	167,129	161,545	176,655	15,110	9.4%
Airport Transportation Fees	24,752	23,861	25,837	24,813	(1,025)	-4.0%
Parking Revenue	117,664	122,548	129,513	124,258	(5,254)	-4.1%
Car Rental Revenue	59,101	61,647	62,829	64,541	1,712	2.7%
Revenue from Sale of Utilities	7,438	7,818	8,791	9,164	374	4.2%
Property Rental Revenue	417,526	438,480	493,861	530,195	36,334	7.4%
Other Revenues	34,107	40,894	45,639	45,716	77	0.2%
Operating Revenue	\$ 806,914	\$ 869,259	\$ 936,117	\$ 982,884	\$ 46,767	5.0%
Lease Interest Income	\$ -	\$ -	\$ -	\$ 9,872	\$ 9,872	
Total Operating Revenue plus Lease Interest Income	\$ 806,914	\$ 869,259	\$ 936,117	\$ 992,755	\$ 56,639	6.1%

FIGURE IV-4: AVIATION REVENUE BY ACCOUNT

(\$ in 000's)

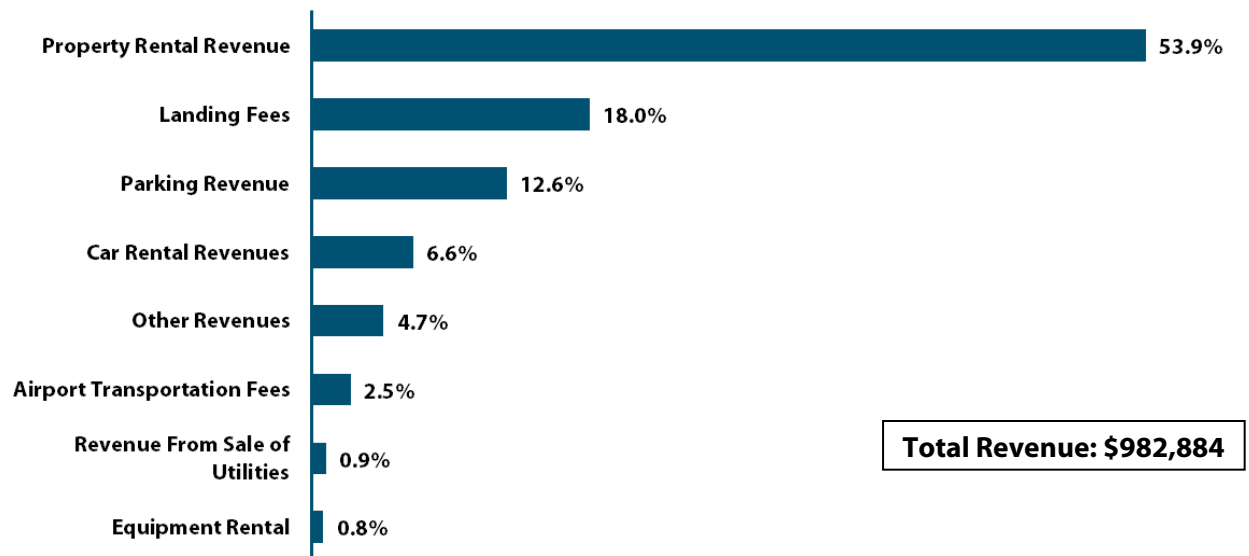


TABLE IV-16: AVIATION OPERATING & MAINTANENCE EXPENSES BY ACCOUNT

(\$ in 000's)	2023	2024	2025	2026	% Change
BY ACCOUNT	Acutal	Acutal	Budget	Proposed Budget	2025 Bud - 2026 Bud
Expense					
Salaries, Wages, Benefits & Workers Compensation	\$ 196,191	\$ 226,345	\$ 235,245	\$ 257,458	9.4%
Equipment Expense	7,775	6,831	8,298	8,749	5.4%
Utilities	23,294	25,557	26,993	26,963	-0.1%
Supplies & Stock	9,203	9,753	7,416	7,432	0.2%
Outside Services	87,455	104,300	125,654	122,930	-2.2%
Travel & Other Employee Expenses	2,075	2,463	3,179	3,371	6.1%
Promotional Expenses	572	1,446	1,076	1,007	-6.5%
Other Expenses	20,266	27,885	27,361	34,736	27.0%
O&M without Environmental	346,832	404,580	435,221	462,645	6.3%
Environmental Remediation Liability	13,017	2,600	1,589	2,267	42.7%
O&M with Environmental	359,849	407,180	436,810	464,912	6.4%
Charges to Capital/Govt/Envrs Projects	(24,382)	(29,084)	(40,208)	(38,631)	-3.9%
O&M Expenses w/o Pension Credit	\$ 335,467	\$ 378,096	\$ 396,602	\$ 426,281	7.5%
DRS Pension Credit	(11,332)	(8,645)	-	-	0.0%
O&M Expenses with Pension Credit	324,134	369,451	396,602	426,281	7.5%
Lease Interest Expense	4	8	-	7,897	0.0%
SBITA Interest Expense	333	310	227	181	-20.5%
Total Operating Exp plus Lease Interest Exp	\$ 324,470	\$ 369,769	\$ 396,830	\$ 434,359	9.5%

AVBUD.xlsx

Note:

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

FIGURE IV-5: AVIATION EXPENSE BY ACCOUNT

(\$ in 000's)

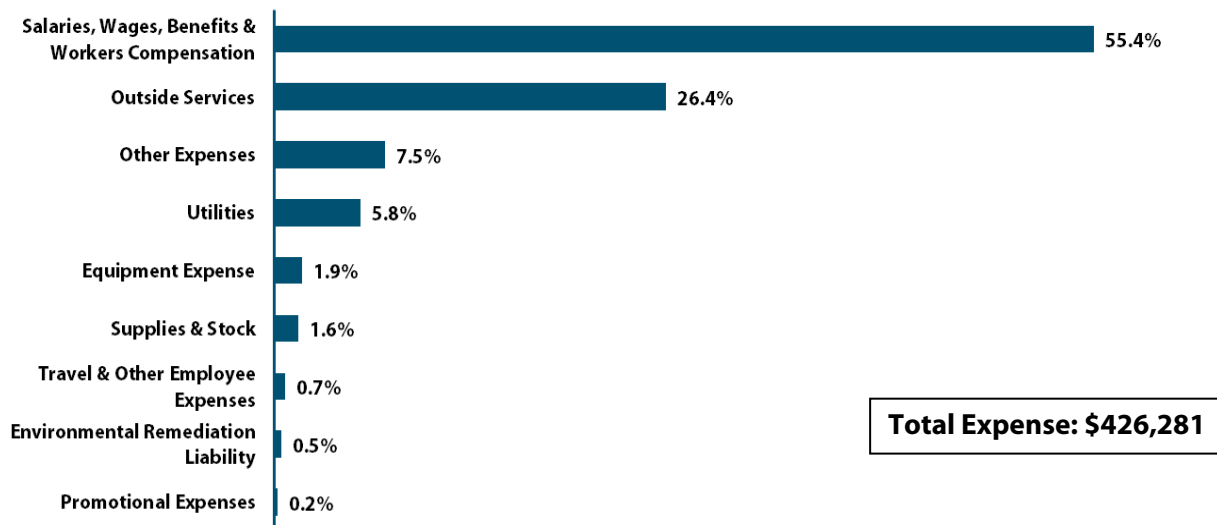


TABLE IV-17: AVIATION REVENUE BY BUSINESS GROUP/DEPARTMENT

(\$ in 000's)	2023	2024	2025	2026	Incr/(Decr) from 2025	
Aviation Revenues	Actual	Actual	Budget	Proposed Budget	\$	%
<u>AIRLINE REVENUES</u>						
Rate Base Revenues						
Airfield Movement Area	142,797	170,821	166,149	181,983	15,834	9.5%
Airfield Apron Area	26,118	32,270	35,432	35,478	46	0.1%
Terminal Rents	251,892	279,722	286,307	319,050	32,743	11.4%
Federal Inspection Services (FIS)	41,214	15,206	49,811	54,056	4,246	8.5%
Total Rate Base Revenues	462,020	498,019	537,699	590,568	52,869	9.8%
Airfield Commercial Area	17,677	22,922	26,137	24,934	(1,203)	-4.6%
Total Aeronautical Revenues	479,697	520,942	563,836	615,502	51,666	9.2%
<u>NON-AIRLINE REVENUES</u>						
Public Parking	110,990	116,626	119,634	114,531	(5,103)	-4.3%
Rental Cars	63,460	66,271	67,197	67,862	665	1.0%
Ground Transportation	24,878	23,946	25,901	24,896	(1,005)	-3.9%
Airport Dining & Retail	65,952	73,703	76,630	77,078	448	0.6%
Other	61,312	67,666	82,919	83,015	96	0.1%
Total Non-Aeronautical Revenues	326,592	348,212	372,280	367,381	(4,899)	-1.3%
Operating Revenues (\$3000 basis)	806,289	869,154	936,117	982,884	46,767	5.0%
Lease Interest Income	-	-	-	9,872	9,872	N/A
Total Operating Revenues plus Lease Interest Income	806,289	869,154	936,117	992,755	56,639	6.1%

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

(\$ in 000's)	2023	2024	2025	2026	Incr/(Decr) from 2025	
Aviation Business Group/Department	Actual	Actual	Budget	Proposed Budget	\$	%
<u>BUSINESS UNITS</u>						
Aviation Non-Ops	-	-	-	-	-	
Airport Operations	53,684	65,964	73,107	80,332	7,225	9.9%
Aviation Utilities	25,382	28,133	30,480	30,752	272	0.9%
Aviation Commercial Management	8,937	10,156	13,755	13,241	(514)	-3.7%
Airport Properties	8,058	10,212	17,132	22,343	5,211	30.4%
TOTAL BUSINESS UNITS	96,061	114,465	134,474	146,668	12,194	9.1%
<u>NON-AIRLINE REVENUES</u>						
Airport Innovation	834	1,125	1,700	1,880	181	10.6%
Airport Security	20,215	24,103	24,557	31,016	6,459	26.3%
Aviation Building Department	852	674	2,050	2,072	22	1.1%
Aviation Director's Office	2,454	3,507	4,867	4,494	(374)	-7.7%
Aviation Division Contingency	0	(0)	(7,234)	(10,012)	(2,778)	38.4%
Aviation Environmental Programs Group	6,841	14,482	7,336	7,597	261	3.6%
Aviation Finance & Budget	3,401	3,736	4,224	4,550	325	7.7%
Aviation Maintenance	129,006	142,725	152,468	163,742	11,274	7.4%
Customer Service Department	6,011	6,968	8,216	8,969	753	9.2%
Fire Department	22,694	26,095	27,797	29,208	1,411	5.1%
Noise Programs	1,218	2,422	2,990	2,488	(501)	-16.8%
Operational Readiness Activation	664	738	788	796	8	1.0%
TOTAL AVIATION SERVICES	194,192	226,576	229,759	246,800	17,041	7.4%
<u>CAPITAL DEVELOPMENT PROGRAM</u>						
Aviation Facilities & Capital Programs	10,405	12,624	16,958	16,291	(667)	-3.9%
Aviation Project Management Group	3,144	7,194	9,834	8,957	(878)	-8.9%
Planning, Development & Infrastructure	539	499	533	569	37	6.9%
Project Controls	726	796	539	910	371	68.7%
TOTAL CAPITAL DEVELOPMENT PROGRAM	14,815	21,112	27,864	26,727	(1,138)	-4.1%
<u>OTHER</u>						
Aviation Environmental Reserve	13,017	2,600	1,589	2,267	678	42.7%
Aviation Risk Expense	5,570	4,145	2,916	3,819	903	31.0%
Aviation Capital to Expense	480	553	-	-	-	
TOTAL OTHER	19,066	7,298	4,505	6,086	1,581	35.1%
Operating Expenses (Org Basis)	324,134	369,451	396,602	426,281	29,679	7.5%
SBITA/Lease Interest Expense	388	359	254	8,101	7,847	N/A
Total Operating Expenses with SBITA/Lease Interest Expense	324,522	369,810	396,856	434,382	37,526	9.5%

E. STAFFING OVERVIEW

TABLE IV-19: AVIATION STAFFING

STAFFING (Full-Time Equivalent Positions)	2023	2024	2025	2025	2026	# Change	% Change
BUSINESS GROUP/DEPARTMENT	Actual	Actual	Budget	Estimate	Proposed Budget	from 2025 Bud	from 2025 Bud
<u>AIRPORT OPERATIONS</u>							
Aeronautical Business Group	97.0	101.0	104.0	104.0	105.0	1.0	1.0%
Landside Business Group	151.1	152.1	179.5	179.5	179.5	0.0	0.0%
Airport Operations	248.1	253.1	283.5	283.5	284.5	1.0	0.4%
<u>COMMERCIAL MANAGEMENT</u>							
Aviation Properties	14.0	14.0	15.0	17.0	18.0	3.0	20.0%
Airport Dining & Retail	12.2	9.2	9.2	9.2	9.2	0.0	0.0%
AV Commercial Management	4.0	4.0	4.0	4.0	4.0	0.0	0.0%
Parking Revenue Management	4.0	4.0	4.0	4.0	4.0	0.0	0.0%
AV Commercial Mgmt & Analysis	2.0	2.0	3.0	3.0	3.0	0.0	0.0%
Airport Office Building Mgmt	8.1	11.1	11.1	11.1	11.1	0.0	0.0%
Utilities	6.0	6.0	6.0	6.0	6.0	0.0	0.0%
Commercial Management	50.3	50.3	52.3	54.3	55.3	3.0	5.7%
<u>AVIATION SERVICES</u>							
Airport Director's Office	8.0	8.0	9.0	9.0	9.0	0.0	0.0%
Airport Innovation	5.0	5.0	6.0	6.0	6.0	0.0	0.0%
Fire Department	108.0	109.0	111.0	111.0	111.0	0.0	0.0%
Airport Security	184.5	183.4	184.4	184.4	184.4	0.0	0.0%
Maintenance	445.0	470.0	484.0	477.0	481.0	-3.0	-0.6%
Capital Development Program	23.0	26.0	27.0	27.0	27.0	0.0	0.0%
Aviation Project Management	63.9	63.9	63.9	63.9	63.9	0.0	0.0%
Customer Service	38.2	40.2	42.2	43.2	43.2	1.0	2.4%
Aviation F&B	18.0	18.0	20.0	20.0	21.0	1.0	5.0%
Aviation Environmental	20.0	21.0	21.0	21.0	22.0	1.0	4.8%
Noise	8.0	8.0	8.0	8.0	8.0	0.0	0.0%
Total Aviation Services	921.6	952.6	976.6	970.6	976.6	0.0	0.0%
<u>FACILITIES & CAPITAL PROGRAMS</u>							
Capital Dev Prog Mgmt	9.0	9.0	9.0	9.0	9.0	0.0	0.0%
Planning	5.0	5.0	6.0	6.0	6.0	0.0	0.0%
Facilities & Infrastructure	28.0	31.0	36.0	36.0	37.0	1.0	2.8%
AV Signage	6.0	7.0	8.0	8.0	8.0	0.0	0.0%
Aviation Building Department	9.0	9.0	10.0	10.0	11.0	1.0	10.0%
Total Facilities & Capital Programs	57.0	61.0	69.0	69.0	71.0	2.0	2.9%
TOTAL AVIATION DIVISION	1,277.03	1,316.97	1,381.37	1,377.37	1,387.37	6.00	0.4%

FTE 2026.XLSX

TABLE IV-20: FULL-TIME EQUIVALENT (FTEs) – SUMMARY OF CHANGES

The table below is a summary of all changes in Aviation FTEs from the 2025 Budget to the 2026 Budget.

CHANGES IN FTEs		
2026 Proposed Budget FTEs	FTEs	%
2025 Approved Budget - funded FTEs	1,381.37	
2025 Changes in FTEs during the year		
2025 mid-year FTE additions - new FTEs	3.00	
Other FTE adjustments during 2025	(7.00)	
2025 Mid-year Changes in FTEs	(4.00)	-0.3%
FTEs in 2026 Baseline Budget BEFORE Budget Requests	1,377.37	
New FTEs in the 2026 Budget - strategic functions	10.00	0.7%
FTEs in Proposed Aviation 2026 Budget	1,387.37	0.4%
<i>Note: incremental % changes compared to FTEs <u>funded</u> in the 2025 Approved Budget</i>		
2026 Budget - Summary of FTE changes.xlsx		

Note:

The (7.00) FTE adjustment in 2025 reflects a correction to the previously reported staffing levels. In earlier years, the FTE count included a small number of temporary emergency hire positions that were not part of the regularly funded positions in the 2024 and 2025 budgets.

For the 2026 budget, this adjustment ensures the numbers accurately represent the true, ongoing funded positions. This correction provides a clearer picture of the baseline staffing level and improves consistency in how FTEs are reported across budget years.

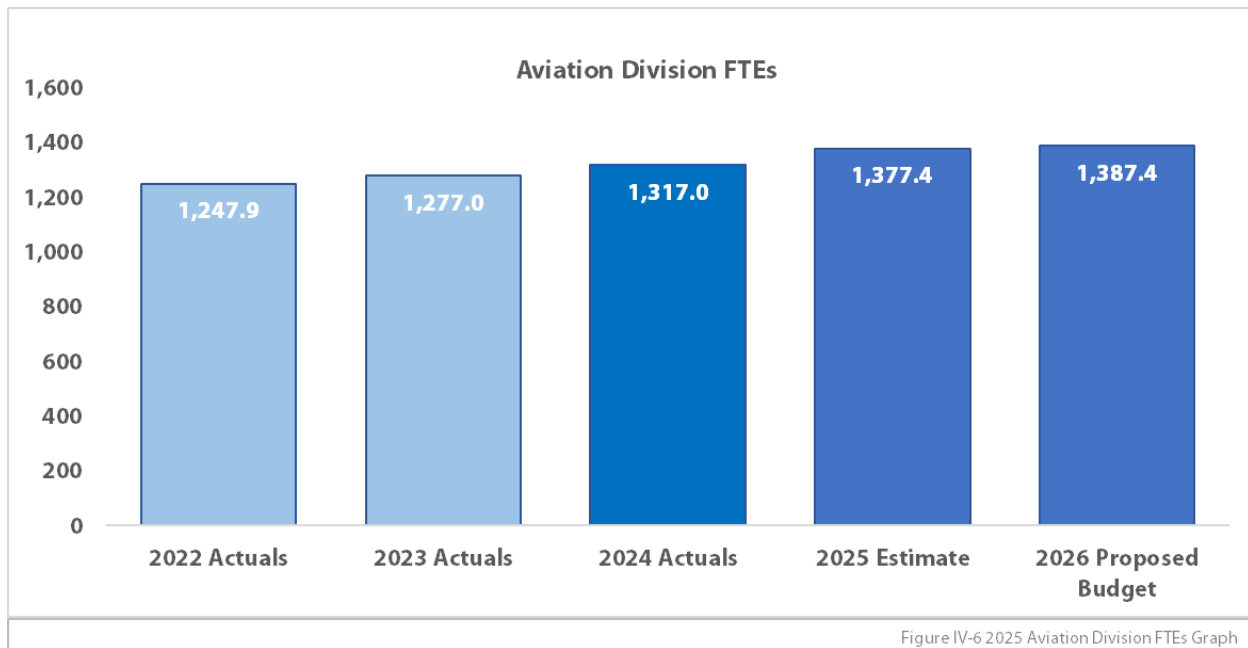
TABLE IV-21: AVIATION NEW STAFFING

The tables below provide a detailed listing of the new FTEs to be added in the 2026 Budget to achieve key initiatives.

Department Name	Org	Position Title	FTEs	2026 Budget Impact	
AV Business & Properties	3610	Property Manager	1	\$	98,509
Combined Communication	3830	ACC Operations Controller	1	\$	80,712
AV Finance & Budget	4540	Sr. Financial Analyst (Non-aero)	1	\$	98,509
AV Facilities & Infrastructure	4560	Utilities Engineer	1	\$	98,509
AV Building Dept	4570	Building Inspector	1	\$	91,541
AV Environmental Programs	4580	Stormwater Compliance Support	1	\$	70,726
Maintenance Asset Mgt & Logistics	4592	Training Coordinator	1	\$	79,446
Facility, Fleet, System & Grounds	4593	Auto Machinist	1	\$	118,809
AV Maintenance	4594	Electronic Technician	1	\$	162,065
AV Maintenance	4594	Electronic Technician	1	\$	162,065
			10	\$	1,060,892

FIGURE IV-6: AVIATION FTEs

The chart below provides an overview of airport FTEs over a five-year period.



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 2026 calls for spending of \$836M. Six mega projects account for \$547M in 2026 of the spending which include Baggage Recapitalization/Optimization, 2026-2030

Airfield Pavement Program, Main Terminal Improvements, C Concourse Expansion, S Concourse Evolution, and SEA Gateway.

TABLE IV-22: AVIATION PROPOSED CIP

	Cash Flows (Figures in \$000s)	
	2025	2026
Mega Projects		
S Concourse Evolution	39,529	137,762
Baggage Optimization	14,551	120,752
2026-2030 AFLD PVMNTS	5,400	71,507
Main Terminal Improvement	526	836
C Concourse Expansion	129,188	119,813
SEA Gateway	150,483	96,470
Subtotal - Mega Projects	339,677	547,140
Other Capital Projects	485,383	393,359
SAMP Preliminary Planning / Design	7	-
Proposed New Projects	6,837	8,673
CIPs Reserves	-	24,758
Subtotal	492,227	426,790
CIP Cashflow Adj Reserve	-	(138,044)
Total Proposed CIP	831,904	835,887

- Six mega projects account for \$547M in 2026.
- Proposing 12 new projects totaling \$8.7M spending in 2026.
- Budget includes placeholder spending for undefined future projects and risks (called “CIPs Reserves”) in amount of \$25M.

TABLE IV-23: AVIATION CAPITAL PROJECTS

	Cash Flows (Figures in \$000s)	
Capital Projects	2025	2026
<u>Construction Authorized (Status 5-6)</u>		
Baggage Optimization	14,551	120,752
SEA Gateway	150,483	96,470
C Concourse Expansion	129,188	119,813
Post IAF Airline Realignment	48,316	39,040
Widen Arrivals Roadway	40,023	28,063
Subtotal	382,561	404,137
Other Construction Authorized Capital Projects	379,210	293,445
Total - Construction Authorized	761,771	697,582
<u>Design Authorized (Status 4)</u>		
S Concourse Evolution	39,529	137,762
IWTP Program	3,815	6,697
2026-2030 Airfield Pavements	5,400	71,507
Subtotal	48,744	215,967
Other Design Authorized Capital Projects	9,726	17,433
Total - Design Authorized	58,470	233,399
<u>Pending Authorization (Status 2-3)</u>		
STS Replacement	774	3,600
RCF CSB Re-demising	477	2,345
SAMP Preliminary Planning / Design	7	3,494
Subtotal - Pending	1,258	9,439
Other Pending Capital Projects	10,405	8,751
Total - Pending Authorization	11,663	18,191
Subtotal	831,904	949,172
CIP Reserves	-	24,758
CIP Cashflow Adj Reserve	-	(138,044)
Grand Total	831,904	835,887

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.
- 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.

TABLE IV-24: PROPOSED NEW PROJECTS

Justification	Category	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)						Total Cash flows	
					2025	2026	2027	2028	2029	2030		2026-2030
												Total
Asset Stewardship	Renewal/Replacement	C80 21 26	PC AHU Replacement	4,065	160	3,500	405	-	-	-	3,905	4,065
Asset Stewardship	Renewal/Replacement	C80 21 23	Checkpoint Security Grill	2,700	150	1,337	1,155	58	-	-	2,550	2,700
Business Need	Business Need	C80 21 19	Master Park Landlord Improv	1,800	1,465	335	-	-	-	-	335	1,800
Asset Stewardship	Renewal/Replacement	C80 21 30	BRITE Replace 16L to R	1,800	800	1,000	-	-	-	-	1,000	1,800
Asset Stewardship	Renewal/Replacement	C80 21 27	Pumphouse Valve & Vent Replace	1,700	160	1,540	-	-	-	-	1,540	1,700
Asset Stewardship	Renewal/Replacement	C80 21 14	Employee Parking Lot C improve	1,300	726	573	-	-	-	-	573	1,299
Asset Stewardship	Renewal/Replacement	C80 21 15	Rubber Removal Truck	1,150	1,150	-	-	-	-	-	-	1,150
Asset Stewardship	Renewal/Replacement	C80 21 13	Toll Plaza Drain Channel Repla	776	568	208	-	-	-	-	208	776
Asset Stewardship	Renewal/Replacement	C80 21 28	Parking Garage Dry Standpipe	500	500	-	-	-	-	-	-	500
Asset Stewardship	Renewal/Replacement	C80 21 22	Access Control Mezzanine Doors	489	489	-	-	-	-	-	-	489
Business Need	Business Need	C80 21 17	JetBlue Zone 2 Ticketing CUSE	350	180	180	-	-	-	-	180	360
Asset Stewardship	Renewal/Replacement	C80 21 20	Swale Pond Improvement	350	350	-	-	-	-	-	-	350
Total				16,989	6,698	8,673	1,560	58	-	-	10,291	16,989

A total of 12 new projects were approved through the Aviation Investment Committee:

- PC AHU Replacement: 16 PC Air Handling Units (AHUs) have burst heating coils. These units provides heating from Central Mechanical Plant (CMP) so pilots do not use jet-fuel powered aircraft auxiliary power units
- Checkpoint Security Grill: Checkpoint 4 security gate has had repeated maintenance issues, causing injuries to staff.
- Master Park Landlord Improvement: Reimburse Master Park for pre-possession improvements.
- BRITE Replacement 16L & 16R: Project will purchase the materials needed for the autonomous LED in-pavement runway guard lights for RWY 16L and 16R.
- Pumphouse Valve & Vent: Four pump valves need to be replaced immediately to comply with NFPA-25 code churn testing and prevent potential fines.
- Employee Parking Lot C Improvement: Per lease agreement, this project will complete tasks that were not part of the property owner's responsibilities to have the site operational for employee parking.
- Rubber Removal Truck Purchase: Purchase one rubber removal truck to remove rubber that accumulates from plane landing. Rubber removal helps with operations as it reduces friction of the runways.
- Toll Plaza Drainage Replacement: This project will replace two channel drains at the Toll Plaza exit booths that have been deteriorating, sections of which have already failed.
- Parking Garage Dry Standpipe: Replace two (2) and modify three (3) dry fire suppression standpipe systems located within the parking garage, ensuring full compliance with NFPA 25 standards.
- Access Control on Mezzanine Doors: This project will install access control and cameras for three sets of doors on the mezzanine level of the Main Terminal. This project aims to prevent unauthorized access.

- JetBlue Zone 2 Ticketing CUSE: Per SLOA Renewal, JetBlue does not qualify for Preferential Gate. This project will replace the JetBlue preferential ticket counters in Zone 2 ticketing with Port-standard CUSE (Common Use Systems Equipment) ticket counters and equipment.
- Swale Pond Improvement: Stormwater quality treatment improvement required to meet the NPDES(National Pollutant Discharge Elimination System) permit with the WA DOE for the Swale ponds.

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

To be provided in the Final Budget Document

FIGURE IV-7: 2025-2029 CAPITAL SPENDING FORECAST BY CATEGORY

To be provided in the Final Budget Document

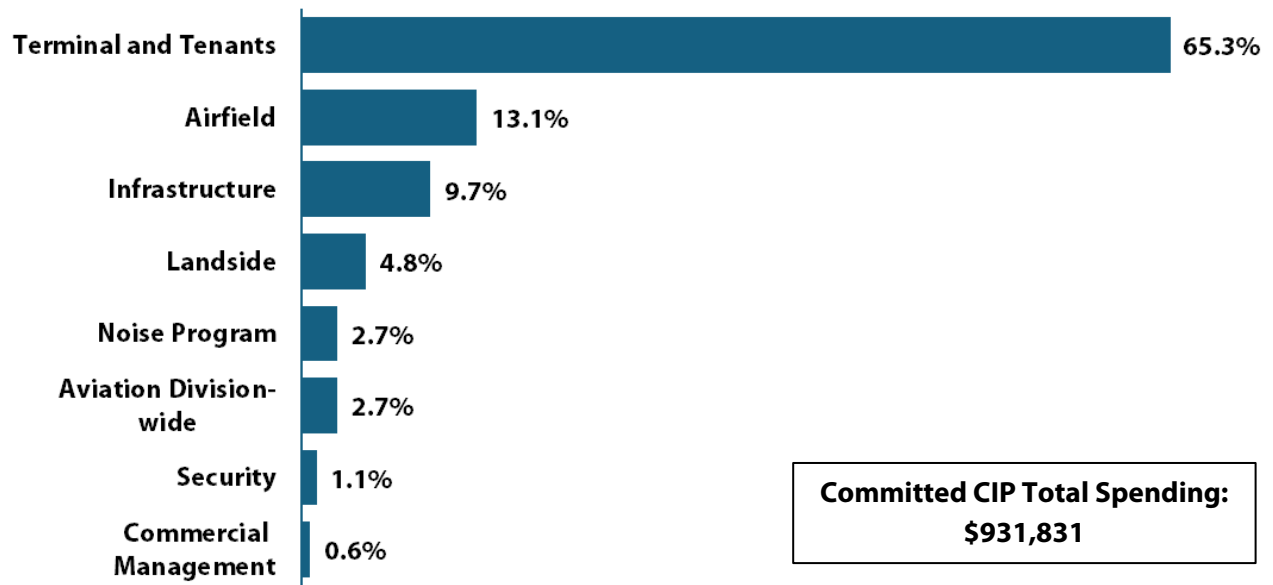
TABLE IV-26: AVIATION CAPITAL BUDGET SUMMARY

(\$ in 000's)	2026 Budget	% of 2026 Total Committed
Committed Capital Projects		
Terminal and Tenants	\$ 608,690	65.3%
Airfield	122,295	13.1%
Infrastructure	89,951	9.7%
Landside	45,040	4.8%
Noise Program	25,021	2.7%
Aviation Division-wide	24,901	2.7%
Security	10,277	1.1%
Commercial Management	5,655	0.6%
Total Committed	\$ 931,831	100.0%
Business Plan Prospective Projects	\$ 42,099	
CIP Cashflow Adjustment Reserve	\$ (138,044)	
Total CIP	\$ 835,887	

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) Enplaned Passengers		(2) Total Landed Weight		(3) Air Cargo	
	Number	Growth	Pounds	Growth	Metric tons	Growth
2005	14,632	1.9%	20,186	-3.6%	338,591	-2.6%
2006	14,991	2.5%	20,362	0.9%	341,981	1.0%
2007	15,661	4.5%	21,014	3.2%	319,013	-6.7%
2008	16,085	2.7%	21,519	2.4%	290,205	-9.0%
2009	15,610	-3.0%	20,388	-5.3%	270,142	-6.9%
2010	15,773	1.0%	19,786	-3.0%	283,425	4.9%
2011	16,397	4.0%	20,123	1.7%	279,893	-1.2%
2012	16,597	1.2%	19,897	-1.1%	283,609	1.3%
2013	17,376	4.7%	20,949	5.3%	292,709	3.2%
2014	18,717	7.7%	22,505	7.4%	327,240	11.8%
2015	21,109	12.8%	24,757	10.0%	332,636	1.6%
2016	22,796	8.0%	27,118	9.5%	366,431	10.2%
2017	23,416	2.7%	28,267	4.2%	425,856	16.2%
2018	24,894	6.3%	30,109	6.5%	432,315	1.5%
2019	25,874	3.9%	31,381	4.2%	453,547	4.9%
2020 ⁽⁴⁾	10,037	-61.2%	20,007	-36.2%	452,496	-0.2%
2021	18,073	80.1%	26,244	31.2%	498,741	10.2%
2022	22,966	27.1%	28,594	9.0%	456,289	-8.5%
2023	25,371	10.5%	31,521	10.2%	417,124	-8.6%
2024	26,295	3.6%	32,806	4.1%	460,064	10.3%
2025 Budget	26,737	1.7%	33,290	1.5%	464,103	0.9%
2025 Forecast	26,461	0.6%	33,512	2.2%	437,061	-5.0%
2026 Budget	27,031	2.2%	34,544	3.1%	445,802	2.0%
Annualized Growth Rate						
2016 - 2026		1.7%		2.4%		2.0%
2021 - 2026		8.4%		5.6%		-2.2%

Notes:

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

Table IV-27 Aviation Division Operating Statistics 2026.xlsx

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V - MARITIME



MARITIME DIVISION

A. 2026 BUDGET SUMMARY

TABLE V-1: MARITIME CASH FLOW SUMMARY

(\$ in 000's)	<u>2026</u>	<u>Percent of Total</u>
<u>SOURCES OF CASH</u>		
Operating Revenues	110,425	46.0%
Interest Receipts	10,132	4.2%
Proceeds from Bond Issues	63,500	26.5%
Grants and Capital Contributions	796	0.3%
Tax Levy	40,044	16.7%
Other Receipts	15,068	6.3%
Total	239,965	100%
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	115,962	48.1%
Debt Service:		
Interest Payments	9,276	3.9%
Bond Redemptions	9,599	4.0%
Total Debt Service	18,875	7.8%
Other Expenses	25,120	10.4%
Capital Expenditures	80,958	33.6%
Total	240,916	100%

CASHFLW.xlsx

FIGURE V-1: MARITIME SOURCES OF CASH

(\$ in 000's)

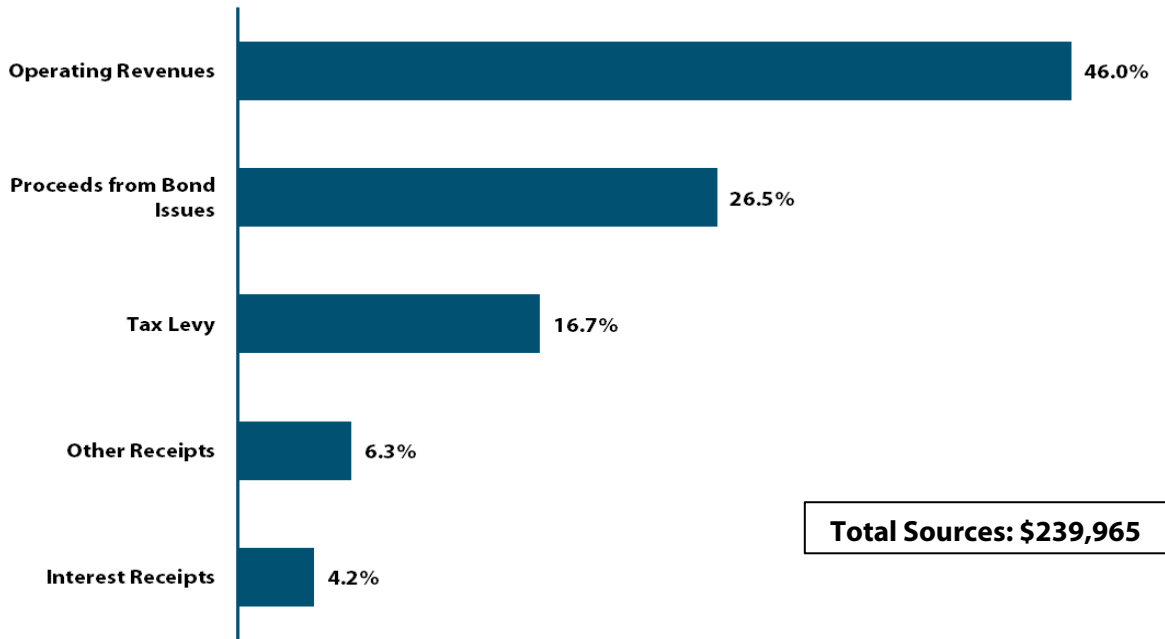
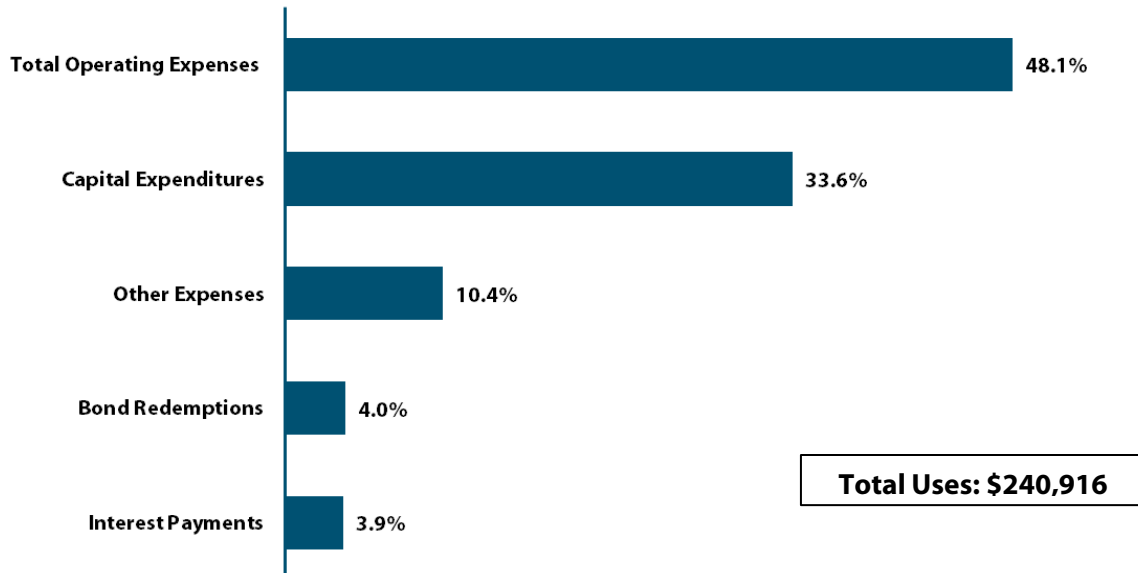


FIGURE V-2: MARITIME USES OF CASH

(\$ in 000's)



B. FINANCIAL FORECAST

TABLE V-2: MARITIME FINANCIAL FORECAST

(\$ in 000's)	2023	2024	2025	2026	2027	2028	2029	2030	2026 - 2030
	Actual	Actual	Budget	Proposed Budget	Forecast				Compound Growth
OPERATING BUDGET									
Operating Revenue	\$ 99,648	\$106,811	\$ 118,111	\$ 110,425	\$ 116,179	\$ 122,183	\$ 128,606	\$ 134,033	5.0%
Operating Revenues	99,648	106,811	118,111	110,425	116,179	122,183	128,606	134,033	5.0%
Lease Interest Income	-	-	-	14,919					
Total Operating Rev plus Lease Interest Income	99,648	106,811	118,111	125,344	131,876	138,690	145,982	152,141	5.0%
O&M Expenses w/o Pension Credit	93,596	101,991	103,748	115,962	124,231	131,463	139,099	147,090	6.1%
DRS Pension Credit	(3,850)	(3,145)	-	-					
O&M Expenses with Pension Credit	89,746	98,846	103,748	115,962	124,231	131,463	139,099	147,090	6.1%
Lease Interest Expense	2	2	-	-					
SBITA Interest Expense	10	29	7	6					
Total Operating Exp plus Lease Interest Exp	89,758	98,877	103,755	115,969	124,231	131,463	139,099	147,090	6.1%
NOI Before Depreciation (with Pension Credit)	9,902	7,965	14,363	(5,537)					
Total Depreciation Expense	22,421	23,850	21,433	27,161					
NOI After Depreciation (with Pension Credit)	(12,519)	(15,886)	(7,070)	(32,698)					
									Total
Committed Capital Budget	\$27,923	\$84,842	\$104,075	\$99,067	\$133,661	\$107,190	\$58,289	\$2,890	2026 - 2030
Business Plan Prospective	-	-	2	13,828	84,590	59,947	26,250	22,416	\$401,097
CIP Cashflow Adjustment Reserve	-	-	(16)	(31,937)	(9,035)	25	16	-	207,031
Total Capital Budget	\$27,923	\$84,842	\$89,827	\$80,958	\$209,216	\$191,718	\$100,930	\$25,306	\$608,128

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 a long-term sustainable financial picture for the Maritime Division.
- Institute structure & resources for strong project delivery.
- Continue to build the Maritime Planning Department.
- Advance Green Corridor Initiative.
- Finalize and begin implementing Parks Management Strategy.
- Expand Shore Power Utilization.
- 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 revised more specific Green Leasing language in all Maritime leases, new and renewing and prioritizing green energy alternatives where possible.
- Maintain or increase in excess of 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 Planning 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, and Shilshole Bay Marina – the latter being home to vibrant liveaboard communities.

The Portfolio and Asset Management group provides comprehensive property management including leasing, tenant improvements, maintenance, and asset management of over 4 million square feet of commercial retail, office, industrial warehouse and yard and conference facilities while promoting environmental sustainability initiatives. This includes, but is not limited to, the Bell Harbor International Conference Center, World Trade Center West, Harbor Island Corporate Center, Terminal 91-yard area and warehouses, uplands of marina properties 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 from the 2025 State of the Cruise Industry report by Cruise Lines International Association forecasts global industry growth through 2028 as new high-capacity ships continue to be deployed. Alaska is one of the top 5 cruise destinations internationally and grew 3.8% in 2024 compared to 2023. 31% of passengers over the past two years are new to cruise, which is an increase from 27% in 2023, and 82% of those who have cruised intend to cruise again. Seattle anticipates growth in 2026 as it welcomes two new cruise brands – Virgin Voyages and MSC.

Fishing and Commercial Operations

The Alaska commercial fishing industry remains strong, with Alaska's fisheries recognized as some of the most successfully managed in the world. However, the industry is facing fluctuations in the prices of salmon and whitefish, and the cancellation of the snow crab season poses economic difficulties for our homeported fleet. Seasonal anomalies and price fluctuations are managed year after year through sustainable practices in the Bering Sea, Bristol Bay, and the Gulf of Alaska. The commercial fishing industry, which is based in Seattle, continues to be stable.

Commercial fishing companies are revitalizing their fleets by building new boats to replace aging vessels. Puget Sound is highly attractive for off-season moorage for all sizes of commercial ships, thanks to shorter supply chains, a skilled labor force, a robust maritime industry, and better weather conditions conducive to working on boats.

The industry is also adapting to an evolving regulatory environment, ongoing consolidation within the fishing sector, and increasingly limited marine terminal options. Additionally, the consolidation of the commercial fishing fleet is driving changes in facilities and services to accommodate larger homeport operations. Suitable and affordable marine terminals are becoming scarcer in the Northwest.

Grain

Terminal operator/tenant, Louis Dreyfus Company (LDC), is projecting grain volumes to be about 9.3% lower in 2026 from 2025 budget. After a challenging 2023 from reduced demand from China, volumes rebounded in 2024. Per LDC, it is highly unpredictable to forecast volume for the next couple of years due to uncertain tariff shifts & negotiations, and changes in 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. Currently the Port is evaluating several ongoing opportunities.

Recreational Boating

The recreational boating industry faces several challenges, including the high costs associated with boats and boating, attracting younger generations, navigating emerging environmental regulations, and limited access to water.

The Port continues to offer moorage at competitive market rates with a focus on maintaining public safety, minimizing environmental impacts, controlling costs, offering full amenities, and serving a its live-aboard community.

Commercial Properties

An increase in office space and lower demand since the pandemic has led to a decrease in rental rates with fewer companies looking for office space. Even with return-to-work by some employers, the office space market is still saturated. With the waterfront improvements and Elliot Bay Connections improvements, it is anticipated that Port properties along the Seattle waterfront will become more favorable destinations. This includes both the Word Trade Center West office building and Bell Harbor International Conference Center.

“Economic uncertainty continues to weigh on the Puget Sound region, with inflation and softening fundamentals impacting the industrial market. The industrial market in the Puget Sound region remains relatively suppressed” according to the Kidder Mathews 2025 Q2 Industrial Market report. Regional trade with Asia has helped keep industrial demand consistent for the past decade. However, more recently trade with China, the Port’s largest trade partner, is fluctuating due to tariffs and China looking to other markets. Occupancy rates have decreased from 90% to the 89% level, primarily due to office vacancies at Terminal 102 because of the effects of the planned Sound Transit light rail link to West Seattle.

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. In response, Columbia

Hospitality – the operator of the Port’s Conference and Event Centers - has launched a marketing campaign to regain sales momentum and is on target to exceed prior year sales and exceed budget.

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 also continues to be a challenge.

BUSINESS ASSESSMENT:

Cruise

The total number of 2025 actual revenue passengers increased from 2024 with the addition of the Cunard Queen Elizabeth adding 11 calls. The 2026 budget assumes a higher number of vessel sailings due to the addition of two scheduled ships making 36 additional calls for the season. Many of the sailing occupancies during peak season are above 100%, and the 2026 budget assumes an average occupancy of 102%. It is anticipated that 2026 will be another record year for the number of revenue passengers estimated at 2 million.

Fishing and Commercial Operations

The demand for moorage among commercial fishing vessels remains steady, with annual occupancy exceeding 80%. This stability persists despite many customers temporarily relocating to various parts of Alaska for work throughout the year. The market for small commercial fishing boats (under 40 feet) is particularly at risk due to rising operating costs, an aging owner demographic, and the relocation of some vessels. However, this decline in commercial fishing moorage is counterbalanced by the monthly moorage needs of smaller recreational vessels, which do not require year-round berthing.

In 2026, the Port’s primary focus will be on retaining current tenants and developing new revenue streams. Priorities include continuing excellent customer service, implementing rental rate increases upon renewal, accommodating requests for space reductions, and enhancing the quality of our facilities.

All dock and moorage assets at Fishermen’s Terminal are relatively new, except the Northwest Dock, which is nearing thirty years of age. The shore power systems are tailored to various boat sizes, giving the Port a competitive edge.

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. LDC has hired a 3rd party consultant to evaluate the condition of the dock structure. LDC will be rehabilitating and repairing and replacing dock piles in the next few years based on the condition assessments of dock piles.

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

The industrial market has leveled out after several years of unprecedented demand growth and rent gains that have pushed rents far above prior records. Industrial properties still enjoy record-low vacancy rates and overall growth is expected but at more modest rates than in previous years.

Commercial Properties

Demand will continue to shift toward flexible office spaces and mixed-use developments, reflecting the ongoing rise of hybrid work models. 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 the Port's assets, as well as safety issues in the general area, demand for seaport industrial properties is expected to remain somewhat consistent with certain sectors remaining consistent such as warehouse and flex industrial space.

The Maritime Industrial Portfolio and Asset Management staff will continue to manage the industrial portfolio for the purpose of maximizing revenue by balancing rental rates (demand) with fluctuating supply to match the performance of the local Seattle close-in market.

Conference and Event Centers

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

BHICC occupies a niche position in the local market as a mid-sized flexible event space. It is smaller and more intimate than the Washington State Convention Center (WSCC) and Lumen Field Event Center but larger than most large hotel conference venues, fulfilling an otherwise missing component for mid-sized flexible event space in the market. The Port's ability to expand events into the Pier 66 cruise terminal allows for large events with appropriate physical distancing and will support its re-emergence.

Pier 69 Facilities Management

The Port's Pier 69 headquarters has 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.

An analysis of the Pier 69 building is being conducted assessing the major building upgrades requiring additional seismic upgrades and other code requirements, more than the buildings' market value, the annual operating costs, and use restrictions related to assembly use vs. advantages/disadvantages of alternative office spaces. The intent is to make a recommendation to executive leadership in 2026.

Recreational Boating

The monthly moorage occupancy at Shilshole Bay Marina remains strong and is budgeted to meet or exceed 97% for 2026. 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.

Shilshole Bay Marina currently has 193 individuals waiting for slips. Most of those on the waitlist are waiting for a monthly moorage slip. Current occupancy is 307 of the allowable 350 liveaboard slips, or 88%. The commercial property occupancy rate is currently 100%. The focus throughout 2026 will be on retaining existing tenants and continuing to grow guest moorage.

CHALLENGES AND OPPORTUNITIES:**Cruise, Elliott Bay Operations, & Maritime 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 cruise 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.
- 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 a dynamic regulatory environment.
- Attracting new maritime customers and vessel homeport bases within a changing land use environment.

Cruise, Elliott Bay Operations, & Maritime 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.
- Strong tourism, infrastructure cruise terminal locations.
- 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.

Recreational Boating, Fishing and Operations, Pier 69 Facilities and Portfolio Asset Management Challenges

- Properties are challenging to lease (access points, amenities, aging infrastructure).
- Right-sizing security levels. Security services are reliant on contractors with little investment by the contractor.
- Port policies and regulations impact efficiency and market competitiveness (TI reimbursements, prevailing wage, green leasing).
- Uncertainty of Link Light Rail and future impacts to Harbor Island.
- Global, regional social-political scrutiny and change. Uncertainty of global and regional market trends affecting tenant business activity.

- Increasing operational expenses (utilities, permits, materials, rate changes, and maintaining assets).
- Delaying investing in aging infrastructure due to competing priorities and limited resources.
- Conflicting priorities of environmental and sustainability initiatives with other capital projects.
- Limited opportunity for WMBE contract
- Finding new revenue streams for marinas.
- Balancing Port initiatives with operational work.

Recreational Boating, Fishing and Operations, Pier 69 Facilities, and Portfolio Asset Management Opportunities

- Development of Master Development Plans for each campus.
- Influence the prioritization of sustainability and infrastructural improvement projects.
- Consider bringing security services in-house for accountability, living wages, career advancement and stability.
- Lean into current and future business trends and new streams of revenue (i.e. charters).
- Leveraging new and improved technologies in asset management, marina software upgrades, and handheld technologies will improve outcomes.
- Improve lease language regarding tenant improvement requirements and process.
- Support sustainability initiatives (green leasing, Maritime Climate and Air Action Plan etc.).
- Increasing moorage revenue via 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.

Grain Challenges and Opportunities

- Grain volume can fluctuate significantly from year to year due to global trade policy / tariff changes, 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.

Marine Maintenance Challenges

- Aging assets, facilities and infrastructure. Several large modernization projects are underway and needed to support current operational needs and safety standards.
- Unpredictable materials and service costs - volatile pricing impacts budgeting and project planning.
- Limited storage and equipment space, hindering efficient equipment management and readiness.
- Cumbersome onboarding emergency hire employees. The onboarding process for represented emergency hire employees is cumbersome and slow, creating delays in mobilizing labor for urgent repairs, preventive maintenance, and dynamic project work. This lack of agility hampers Marine Maintenance's ability to respond effectively to shifting operational demands

Marine Maintenance Opportunities

- Leverage CPI Engagement. Continue empowering employees to apply Continuous Process Improvement (CPI) tools like Lean or Six Sigma to streamline workflows and reduce waste.
- Revise Billing Structures. Introduce billing for equipment usage and align labor rates with represented worker costs to improve cost recovery and transparency.
- Adopt ISO Standards. Implement ISO 55000 (Asset Management) to shift toward predictive maintenance and standardized procedures.
- Maximize Maximo. Use Maximo's analytics and asset tracking to inform repair vs. replace decisions, optimize lifecycle costs, and schedule preventive maintenance.

Waterfront Project Management Challenges

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

Waterfront Project Management Opportunities

- Ability to expand Disadvantaged/Women & Minority Business Enterprises.
- 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 2026.
- 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 are going up proportionately.

Assumptions

The 2026 Maritime Division Budget is based on the following assumptions:

- Cruise forecasts 102% occupancy rate and a sailing schedule based on tentative berth reservations.
- Grain volume is budgeted at 3.21 million metric tons based on forecast from tenant, a 9.3% decrease from 2025 budgeted volumes.
- 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 2026.
- Conference and Event Center expects a 3% revenue increase over the 2025 budget by leveraging the waterfront completion and partnering with nearby waterfront hotels.
- Salaries and benefits are forecasted using the 2025 budget guidelines of 3.5 % average pay increase.
- Utility rates are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy, and other utility vendors.

Operating Revenue

- Overall Maritime Division Revenues are \$8.2M above 2025 budget and \$19.6M better than 2024 actuals.
- Cruise revenues are increasing from a combination of rate escalations and 2 additional ships scheduled in 2026 at an average occupancy budget assumption of 102%.
- Bulk Terminals decrease is based on feedback from Louis Dreyfus Company at Terminal 86.
- Portfolio and Asset Management revenue increase driven by escalated rent and leasing vacancies.
- Fishing and Operations revenues are expected to increase in 2026 from increased proposed tariff rates.
- Recreational Boating revenue is budgeted 4% higher due to adjusting moorage rates to the 80th percentile of market-improved occupancy.

TABLE V-3: MAJOR REVENUE CHANGES

(\$ in 000's)	2023	2024	2025	2026	Change	% Change
Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud	2025 Bud - 2026 Bud
REVENUE						
Cruise Operations	\$ 48,290	\$ 49,747	\$ 56,047	\$ 55,690	\$ (357)	-0.6%
Bulk Terminals	3,356	5,920	5,034	3,055	(1,980)	-39.3%
Fishing & Operations						
Elliott Bay Fishing & Comm Ops	6,564	6,602	6,010	6,331	321	5.3%
Ship Canal Fishing & Operation	5,076	5,169	5,600	4,680	(920)	-16.4%
Portfolio & Asset Management						
Central Harbor Mgmt Group	10,465	9,993	9,779	8,805	(973)	-10.0%
Conference & Event Centers	6,738	7,490	9,151	9,430	279	3.1%
Foreign Trade Zone	35	15	15	15	-	0.0%
Recreational Boating						
Shilshole Bay Marina	14,416	15,539	17,233	17,933	700	4.1%
Other Marinas	1,088	1,016	1,040	1,162	122	11.7%
Parks/Other 1)	3,620	5,320	8,202	18,243	10,041	122.4%
Operating Revenue	99,648	106,811	118,111	110,425	(7,686)	-6.5%
Lease Interest Income	-	-	-	14,919	14,919	NA
Total Operating Rev plus Lease Interest Income	\$ 99,648	\$106,811	\$118,111	\$125,344	\$ 7,233	6.1%

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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)	2023	2024	2025	2026	% Change
Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
BY ACCOUNT					
Revenue					
Dckg, Whrfg, Serv/Facility, Passenger Fee	\$ 10,153	\$ 10,404	\$ 11,920	\$ 12,774	7.2%
Berthage & Moorage	17,858	19,009	20,828	20,556	-1.3%
Equipment Rental	341	319	291	357	22.4%
Parking Revenue	111	115	141	115	-19.0%
Property Rental Revenue	57,846	62,964	67,487	57,753	-14.4%
Revenue From Sale of Utilities	4,835	4,927	6,580	7,802	18.6%
3rd Party Management	6,324	7,154	8,773	8,926	1.7%
Other Revenues	3,024	2,464	2,623	2,701	3.0%
Operating Revenue 1)	100,492	107,356	118,645	110,985	-6.5%
Lease Interest Income	-	-	-	14,919	0.0%
Total Operating Rev plus Lease Interest Income	\$ 100,492	\$ 107,356	\$ 118,645	\$ 125,904	6.1%

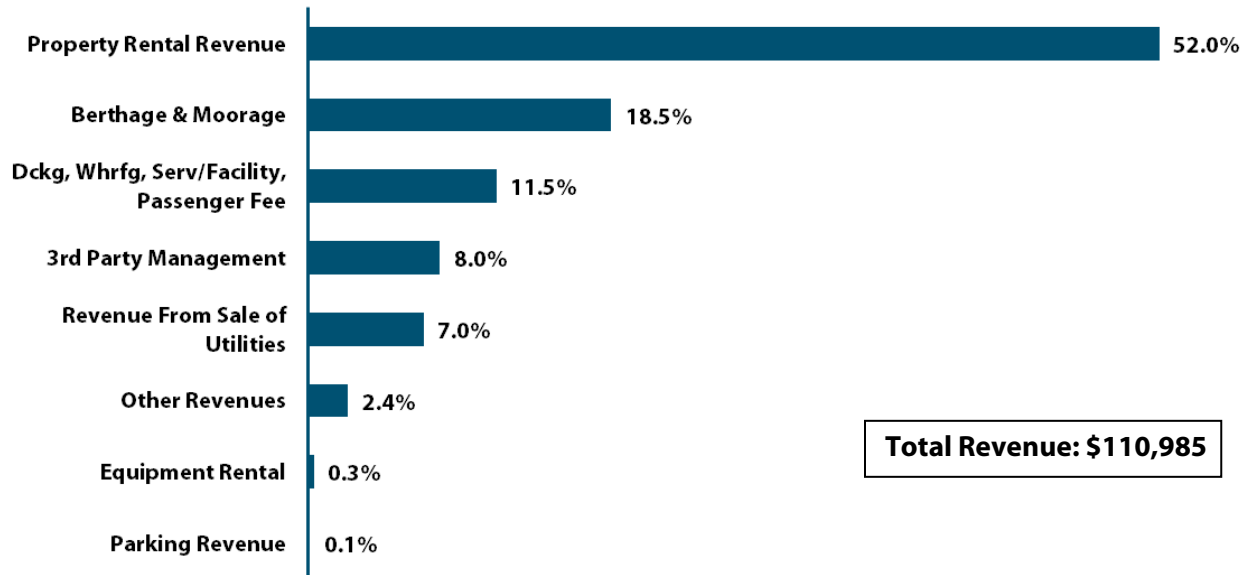
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Note:

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 \$12.3M or 12% from 2025. The increase is primarily due to higher environmental expenses – along with lower charges to capital projects, higher allocated costs from EDD, increased security costs, and large maintenance dredging and repair expense projects.

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

(\$ in 000's)		2023	2024	2025	2026	% Change
BY ACCOUNT	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
Expense						
Salaries, Wages, Benefits & Workers Compensation		\$ 47,334	\$ 53,875	\$ 55,907	\$ 59,908	7.2%
Equipment Expense		2,490	1,942	3,196	2,689	-15.9%
Utilities		9,489	9,644	9,585	11,675	21.8%
Supplies & Stock		2,612	2,376	2,372	2,546	7.4%
Outside Services		9,689	11,998	11,262	20,034	77.9%
Travel & Other Employee Expenses		709	714	1,248	1,057	-15.3%
Promotional Expenses		201	172	378	358	-5.3%
Other Expenses		11,835	12,372	13,221	14,034	6.1%
O&M without Environmental		84,359	93,093	97,168	112,300	15.6%
Environmental Remediation Liability		2,975	(358)	-	-	0.0%
O&M with Environmental		87,334	92,736	97,168	112,300	15.6%
Charges to Capital/Govt/Envrs Projects		(5,412)	(6,241)	(8,090)	(7,981)	-1.3%
O&M Expenses w/o Pension Credit		\$ 81,922	\$ 86,495	\$ 89,078	\$ 104,320	17.1%
DRS Pension Credit		(2,569)	(2,123)	-	-	0.0%
O&M Expenses with Pension Credit	1)	79,354	84,372	89,078	104,320	17.1%
SBITA Interest Expense			19	-	-	0.0%
Total Operating Exp plus Lease Interest Exp		\$ 79,354	\$ 84,391	\$ 89,078	\$ 104,320	17.1%

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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)

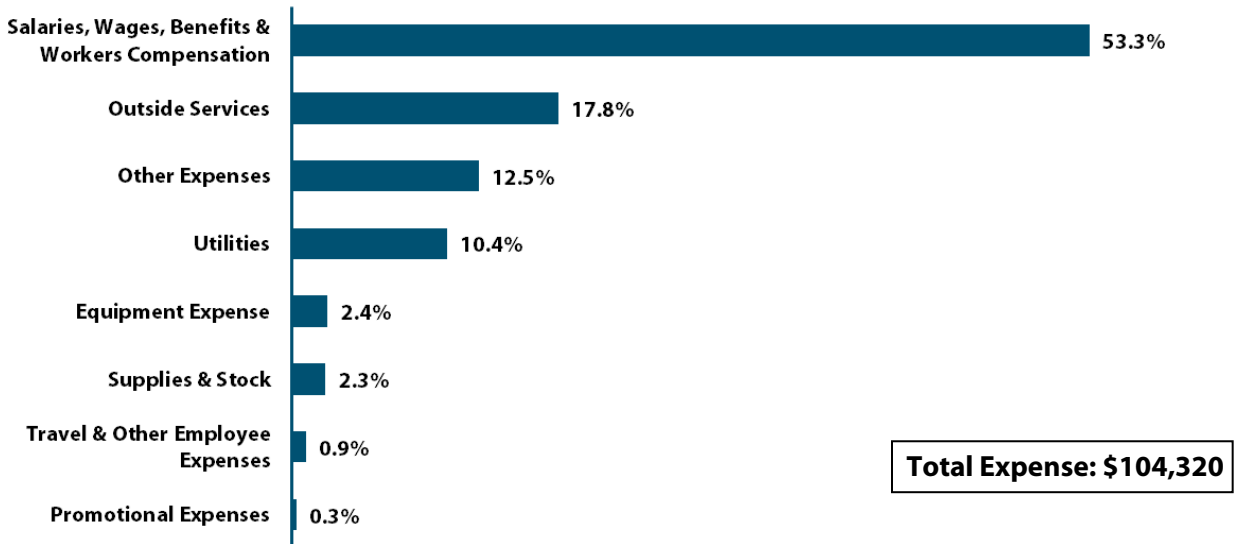


TABLE V-6: MARITIME REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT

(\$ in 000's)	2023	2024	2025	2026	% Change
BY BUSINESS GROUP/DEPARTMENT	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
REVENUE					
Bulk Terminals	3,356	5,920	5,034	3,055	-39.3%
Cruise Operations	41,678	43,100	49,977	49,319	-1.3%
Fishing & Operations	11,420	11,725	11,602	10,973	-5.4%
Maritime Env & Sustainability	192	-	-	-	0.0%
Marine Maintenance	1,159	921	830	910	9.6%
Parks	-	3	-	-	0.0%
P69 Facilities Management	1	-	-	-	0.0%
Portfolio Management	27,183	29,142	32,928	27,637	-16.1%
Recreational Boating	15,504	16,546	18,273	19,091	4.5%
Operating Revenue	100,492	107,356	118,645	110,985	-6.5%
Lease Interest Income	-	-	-	14,919	NA
Total Operating Rev plus Lease Interest Income	100,492	107,356	118,645	125,904	6.1%
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS					
Business Groups:					
Bulk Terminals	34	88	43	95	119.8%
Cruise Operations	5,665	6,157	8,124	9,901	21.9%
Fishing & Operations	5,040	5,622	5,283	5,813	10.0%
Portfolio Management	14,329	15,331	17,217	17,540	1.9%
Recreational Boating	4,077	4,448	4,719	4,850	2.8%
Total Business Group Expense	29,145	31,647	35,386	38,199	8.0%
Service Groups and Other:					
Maritime Env & Sustainability	6,046	7,642	7,818	10,404	33.1%
Maritime Finance	2,254	2,867	3,256	3,525	8.3%
Maritime Planning&Project Mgmt	456	916	1,798	2,289	27.3%
Marine Maintenance	30,246	32,251	33,051	35,251	6.7%
Maritime Marketing	840	912	1,250	1,170	-6.4%
Maritime Security	2,413	2,861	3,247	5,614	72.9%
P69 Facilities Management	1,639	1,584	1,638	1,782	8.8%
Waterfront Project Mgmt Group	7,357	9,098	9,114	14,714	61.5%
Maritime Division Management	896	885	467	(874)	-287.1%
Maritime Envr Remediation Liab	2,975	(358)	-	-	0.0%
Maritime Habitat Initiatives	30	2	3	1	-77.9%
Parks	336	260	140	225	60.0%
Others	131	46	-	-	0.0%
Total Service Group & Other Expense	55,620	58,967	61,783	74,101	19.9%
Total Expenses Before Charges to Cap/Govt /Envrs Projects 1) & 2)	84,766	90,613	97,168	112,300	15.6%
CHARGES TO CAPITAL/ GOVT /ENVRs PROJECTS	(5,412)	(6,241)	(8,090)	(7,981)	-1.3%
OPERATING & MAINTENANCE EXPENSE					
Business Groups:					
Bulk Terminals	34	88	43	95	119.8%
Cruise Operations	5,741	6,216	8,124	9,901	21.9%
Fishing & Operations	5,260	5,806	5,283	5,813	10.0%
Portfolio Management	14,523	15,480	17,217	17,540	1.9%
Recreational Boating	4,302	4,611	4,719	4,850	2.8%
Total Business Group Expense	29,861	32,201	35,386	38,199	8.0%
Service Groups and Other:					
Maritime Env & Sustainability	5,049	6,396	5,782	9,304	60.9%
Maritime Finance	2,203	2,732	2,802	3,222	15.0%
Maritime Planning&Project Mgmt	481	947	1,798	2,289	27.3%
Marine Maintenance	29,721	31,796	31,930	33,792	5.8%
Maritime Marketing	885	947	1,250	1,170	-6.4%
Maritime Security	2,443	2,888	3,247	5,614	72.9%
P69 Facilities Management	1,687	1,625	1,638	1,782	8.8%
Waterfront Project Mgmt Group	4,836	5,856	4,635	9,596	107.1%
Maritime Division Management	957	936	467	(874)	-287.1%
Maritime Envr Remediation Liab	2,975	(358)	-	-	0.0%
Maritime Habitat Initiatives	21	1	3	1	-77.9%
Parks	456	260	140	225	60.0%
Others	348	266	-	-	0.0%
Total Service Group & Other Expense	52,062	54,293	53,693	66,120	23.1%
O&M Expenses w/o Pension Credit 3)	81,922	86,495	89,078	104,320	17.1%
DRS Pension Credit	(2,569)	(2,123)	-	-	0.0%
O&M Expenses with Pension Credit	79,354	84,372	89,078	104,320	17.1%
SBITA Interest Expense	-	19	-	-	0.0%
Total Operating Rev plus Lease Interest Income	\$ 79,354	\$ 84,391	\$ 89,078	\$ 104,320	17.1%

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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 OVERVIEW

Maritime Division's proposed 2026 Budget is 324.5 Full-Time Equivalents (FTEs), a 0.9% increase compared to the 2025 Budget. The following TABLE V-7 outlines the FTEs in the Maritime Division.

TABLE V-7: MARITIME STAFFING

STAFFING (Full-Time Equivalent Positions)								
		2023 Actual	2024 Actual	2025 Budget	2025 Est. Actual	2026 Proposed Budget	# Change 2025 Bud- 2026 Prop. Bud	% Change 2025 Bud- 2026
BUSINESS GROUP/DEPARTMENT	Notes							
Waterfront Project Management		39.0	40.0	40.0	40.0	40.0	0.0	0.0%
Cruise Operations		4.0	4.0	5.0	5.0	5.0	0.0	0.0%
Marine Maintenance	1	150.0	152.0	154.0	155.0	155.0	1.0	0.6%
Maritime Division Management		7.0	8.0	10.0	10.0	10.0	0.0	0.0%
Maritime Marketing		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Recreational Marinas & Commercial Operations		41.5	42.5	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	12.0	12.0	12.0	12.0	0.0	0.0%
Maritime Environment & Sustainability	2	26.0	27.0	28.0	30.0	30.0	2.0	7.1%
Seaport Finance		17.0	17.0	17.0	17.0	17.0	0.0	0.0%
Portfolio & Asset Management			13.0	13.0	13.0	13.0	0.0	0.0%
P69 Facilities Management			5.0	5.0	5.0	5.0	0.0	0.0%
Stormwater Utility		4.0	4.0	4.0	4.0	4.0	0.0	0.0%
TOTAL MARITIME DIVISION		291.5	315.5	321.5	324.5	324.5	3.0	0.9%

FTE.XLS

Notes:

- 1) Marine Maintenance added 3.0 FTEs (Plumber, Sheet Metal Worker, Automotive Machinist) at the start of 2025. In addition, a Pile Driver was approved as mid-year addition.
- 2) Maritime Environment & Sustainability added a Sr Program Manager in January 2025 and was approved to add 2.0 mid-year FTEs (Clean Port Grant Limited Duration and Env. Specialist).

F. MARITIME CAPITAL BUDGET

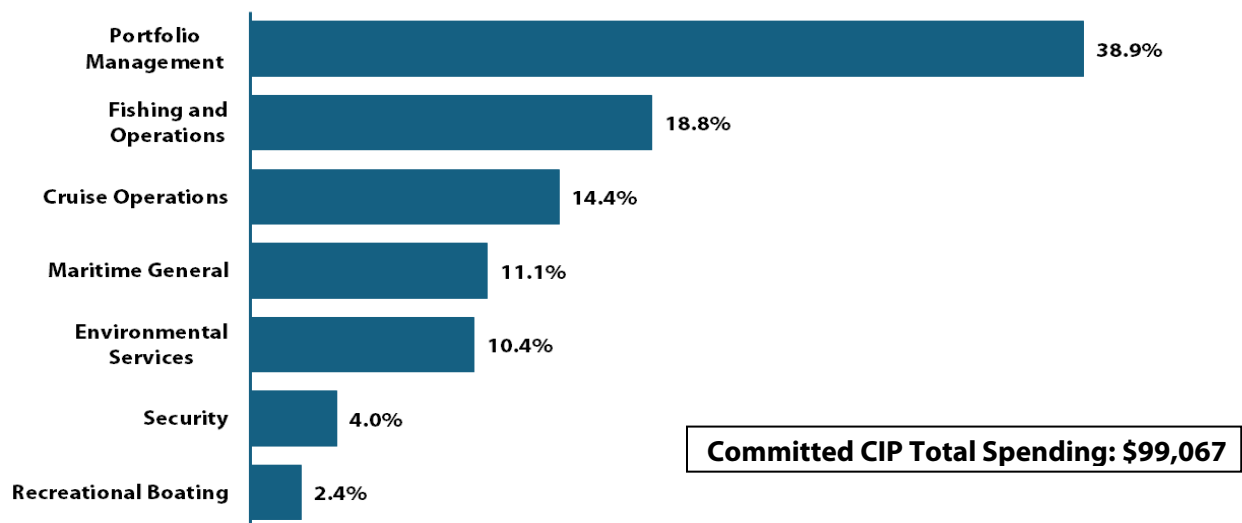
TABLE V-8: MARITIME CAPITAL BUDGET SUMMARY

(\$ in 000's)	2026 Budget	2026-2030 CIP	% of 2026 Total
Committed Capital Projects			
Fishing and Operations	\$ 18,594	\$ 203,580	18.8%
Portfolio Management	38,548	82,865	38.9%
Cruise Operations	14,269	37,087	14.4%
Maritime General	10,963	31,905	11.1%
Environmental Services	10,343	28,954	10.4%
Recreational Boating	2,350	12,286	2.4%
Security	4,000	4,420	4.0%
Total Committed	\$ 99,067	\$ 401,097	100.0%
Business Plan Prospective Projects	\$ 13,828	\$ 207,031	
CIP Cashflow Adjustment Reserve	\$ (31,937)	\$ -	
Total CIP	\$ 80,958	\$ 608,128	

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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 Ship Sailings		Cruise Passengers		Grain	
	Number	Growth	Number	Growth	Metric tons	Growth
2003	99		344,922		3,107,732	
2004	148	49.5%	562,308	63.0%	3,898,491	25.4%
2005	169	14.2%	686,978	22.2%	5,049,107	29.5%
2006	196	16.0%	751,074	9.3%	5,901,821	16.9%
2007	190	-3.1%	780,593	3.9%	5,333,018	-9.6%
2008	210	10.5%	886,039	13.5%	6,400,778	20.0%
2009	218	3.8%	875,433	-1.2%	5,512,164	-13.9%
2010	223	2.3%	931,698	6.4%	5,491,360	-0.4%
2011	195	-12.6%	885,949	-4.9%	5,026,868	-8.5%
2012	202	3.6%	935,000	5.5%	3,161,013	-37.1%
2013	187	-7.4%	870,994	-6.8%	1,351,417	-57.2%
2014	179	-4.3%	823,780	-5.4%	3,618,489	167.8%
2015	192	7.3%	895,055	8.7%	3,778,476	4.4%
2016	203	5.7%	983,539	9.9%	4,389,089	16.2%
2017	218	7.4%	1,071,594	9.0%	4,362,603	-0.6%
2018	216	-0.9%	1,114,888	4.0%	4,378,796	0.4%
2019	211	-2.3%	1,203,317	7.9%	3,403,662	-22.3%
2020	-		-		4,239,804	24.6%
2021	82		229,060		4,720,156	11.3%
2022	296	261%	1,309,306	472%	4,390,611	-7.0%
2023	291	-2%	1,778,193	36%	2,678,895	-39.0%
2024	275	-5%	1,751,892	-1%	4,417,694	64.9%
2025 Budget	299	8.7%	1,924,000	9.8%	3,540,000	-19.9%
2026 Budget	330	10.4%	2,036,127	5.8%	3,210,000	-9.3%

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VI - ECONOMIC DEVELOPMENT



ECONOMIC DEVELOPMENT DIVISION

A. 2026 BUDGET SUMMARY

TABLE VI-1: ECONOMIC DEVELOPMENT CASHFLOW SUMMARY

(\$ in 000's)		2023	2024	2025	2026	Change	% Change
	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud	2025 Bud - 2026 Bud
OPERATING RESULTS							
Total Operating Revenue		\$ 17	\$ 16	\$ 3	\$ 16	\$ 13	423.8%
Central Services		7,618	7,251	9,140	9,162	22	0.2%
O&M Expenses w/o Pension Credit		7,618	7,251	9,140	9,162	22	0.2%
DRS Pension Credit		(285)	(230)	-	-	-	0.0%
O&M Expenses with Pension Credit		7,333	7,020	9,140	9,162	22	0.2%
Lease Interest Expense		3	4	-	-	-	0.0%
Total Operating Exp plus Lease Interest Exp		7,337	7,024	9,140	9,162	22	0.2%
Excess of Revenue over Expense (with Pension Credit)		\$ (7,316)	\$ (7,004)	\$ (9,137)	\$ (9,146)	\$ (9)	0.1%
Employment (Total FTEs)		37.0	18.0	18.0	18.0	-	0.0%

EDSUM.xlsx

B. ECONOMIC DEVELOPMENT DESCRIPTION/BUSINESS ASSESSMENT

MISSION:

The Port's Economic Development Division drives economic development in King County and across Washington State by advancing trade, tourism, and industry development in advanced manufacturing, maritime, and aviation to support growth, jobs, and investments. At the core of this mission is a commitment to equity and sustainability, ensuring that economic benefits are shared broadly.

VISION:

Public agencies, nonprofits, businesses, and communities are key partners in supporting sustainable economic growth and expanding opportunities for all. The Port of Seattle's Economic Development Division (EDD) envisions a region where prosperity is shared and a healthy economy is supportive of Port-related jobs and investments in sectors including aviation, maritime, tourism, construction and trade, green economy, and international trade development.

The Economic Development Division has several departments focused on:

1. Real Estate Development and Planning
2. Tourism Development
3. Diversity and Contracting
4. Regional Economic Development Initiatives and Innovation

These departments implement plans and initiatives that expand economic development opportunities across King County and Washington State by:

- Strategically redeveloping Port properties (ex. T-91 Uplands) and evaluating real estate acquisitions to serve the Port of the Future.

- Developing strong partnerships with tourism partners such as Washington State's Tourism Department (WST), Visit Seattle, and industry partners.
- Advancing Women/Minority Business Enterprises (WMBE), Disadvantaged Business Enterprise (DBE), and small business opportunities across the Port of Seattle.
- Investing in regional economic growth through initiatives, such as the Economic Development City Partnership Program, support for Greater Seattle Partners, and Maritime Blue. Supporting Port-wide innovation initiatives to discover, promote, and advance promising innovations, ventures, and startups that lead to jobs creation that spur attraction of businesses into King County and the State of Washington.

MAJOR/NEW INITIATIVES:

Real Estate Development and Planning

- Redevelop Port properties and lead acquisition efforts for strategic aviation and maritime properties to advance new revenue, job creation, and other economic activity in the Port's key industrial clusters (Aviation, Maritime, Travel and Trade). This effort is designed to maximize future growth of key industries and promote employment on Port properties in line with key recommendations in the Port Real Estate Strategic Plan.
- Update 2023 Aviation Real Estate Strategic Plan to support opportunities for new non-aero revenue.
- Explore real estate acquisitions and partnerships that advance the Port's mission and priorities.
- Complete the development of the Maritime Innovation Center (MInC) at Fishermen's Terminal.

Tourism

- Optimize the Port's position as a global gateway to capture existing visitors to further explore the region's tourism destinations, attractions, and businesses.
- Partner with influential business-to-business channels including travel producers, media, communications, and responsible tourism programs to maximize the opportunities for visitors to support the economy for both business travel and leisure.
- Launch the next round of the Tourism Marketing Support Program (TMSP) to enable local tourism partners to reach target markets and support the Port's goals.
- Launch a new fund solely focused on supporting a large, multi-year "Responsible Tourism" project conducted by a local Destination Marketing Organization (DMO) or other tourism organization.
- Deploy strategies with potential for the greatest return on investments to deliver on the Port's responsible tourism and destination stewardship priorities that support local businesses, focus on slow seasons, and embrace eco-friendly tourism.
- Partner with the Aviation and Maritime departments to support their efforts through travel trade and travel media channels.
- Amplify regional and statewide opportunities for communities to drive positive impacts of visitation by hosting travel trade and travel media members on familiarization (FAM) visits to King County and the State of Washington destinations.
- Lead responsible and inclusive tourism by creating resources such as a tourism pledge and tourism chatbot that encourage visitors to explore lesser-visited areas in the region.

Diversity in Contracting

- Implement outreach and technical assistance initiatives to help small business partners.
- Establish advanced classes and accelerator training programs for WMBE and DBE businesses.
- Exceed EDD's aspirational goal of 10% WMBE utilization.
- Support departments and divisions to exceed the Port's goal of 16% Port-wide utilization in Construction and Non-Construction contracts. Additionally, set goals to exceed the number of WMBE firms utilized by the Port to 500 businesses.
- Conduct an Owner Controlled Insurance Program (OCIP) feasibility study to support small businesses.
- Conduct a feasibility study for a non-airport concession & training program.
- Develop a Professional Service Architectural and Engineering (A&E) program for Small Businesses.

Regional Economic Development and Innovation Partnerships

- Support regional efforts through the Economic Development City Partnership Fund Program.
- Support Greater Seattle Partners' regional economic development programs, such as the Greater Seattle Export Accelerator and business attraction initiatives to drive investments in King County.
- Support maritime innovation initiatives to discover, promote, and advance promising maritime ventures and startups.
- Partner with King County and others through regional initiatives to support small business assistance and FIFA World Cup Activations.
- Support Duwamish Community Equity Partners' economic development initiatives.
- Support the newly launched Sound Industrial Alliance (SIA) through initiatives that focus on strengthening the industrial economy of Seattle and the surrounding region.
- Support the Cascadia Sustainable Alternative Fuels Accelerator and Incubator (CSA) to rapidly accelerate the production, deployment, and adoption of sustainable aviation fuels (SAFs).

DIVISION DESCRIPTION:

The division is comprised of the following four departments:

Real Estate Development and Planning

As one of the region's largest landowners, we leverage our real estate to promote innovation, sustainable job retention and growth, community development, and sustainability.

In a supportive role, the Real Estate Development team is responsible for advocating for the environmental, aviation, and maritime divisions and their real estate needs. The real estate team utilizes tools such as intellectual capital, a broad network, experience, and financial capabilities.

The Real Estate Development team facilitates the development of properties to maximize their mission 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 DC department drives equitable economic development by supporting WMBE, DBE, and small businesses. The DC staff conducts outreach and training to ensure that WMBE and DBE firms are aware of Port contracting opportunities. DC staff also helps Port divisions/departments set annual WMBE

non-construction utilization goals and helps identify WMBE utilization opportunities and requirements for upcoming Port procurements.

Tourism Development

The Tourism Development department plays a vital role in managing tourism impacts in our region. The team strives to deliver equitable economic benefits generated by the Port's aviation and maritime businesses to local communities in King County and Washington State.

Through business-to-business channels, the Port's tourism department fosters responsible and inclusive tourism that directs visitor spending when and where it is needed most -- with a special emphasis on slow seasons, underserved and overlooked neighborhoods, destinations and businesses. These efforts encourage local business growth and job creation, while generating vital tax revenues that provide infrastructure improvements across the state. By working with travel media, travel producers, and industry leaders, the Port provides opportunities and amplifies the voices of our region to ensure the tourism industry works for all Washingtonians. The Port also provides supportive funding to statewide partners that helps them tell their own stories.

Regional Economic Development and Innovation Initiatives

The team invests in regional economic development partnerships to enhance, grow jobs, attract strategic investments to the region, and support innovative efforts in Port-related industries. The economic development team supports key partnerships through the Economic Development City Partnership Fund program, Greater Seattle Partners, King County, City of Seattle, Maritime Blue, and other organizations who drive economic development.

Through the Economic Development City Partnership Fund program, the Port collaborates and serves as a thought partner to cities across King County to support their economic development initiatives in the areas of small business growth, jobs, and economic activity in King County.

The Port also supports innovation through a partnership with incubators and accelerators throughout the greater Seattle region, such as the Blue Ventures Accelerator and Incubator program that offers innovation support for ocean-focused startups, high-impact mentorship engagement, access to venture funding, and industry connections.

BUSINESS ASSESSMENT:

Real Estate Development and Planning

Market Analysis and Assessment

National

Despite uncertainty in Washington state under the Trump Administration with trade and tariff policies, trends in commercial real estate are generally favorable with the exception of the office market, which has not made a full recovery since the COVID-19 pandemic. With the anticipated interest rate cuts and improvements in tax policy, private investment in various industrial and commercial sectors are set to surge in the next few years.

Nonetheless, though the Port made very favorable ground lease deals on its surplus properties in the early 2020s, such as T106 and Des Moines Creek West, where there are fewer new similar opportunities on Port land with the exception of T91 and the potential redevelopment at Fishermen's Terminal that may capitalize on the Maritime Innovation Center investment of 2025. Overall, the local industrial

market has softened with vacancy rates, which have been at historic lows in recent years and are steadily climbing as industrial space is given back to the market at the same time new produce is being built that was planned and permitted when appetites are more robust. One bright spot in this market move from the Port's perspective is the market for new and smaller warehouses 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.

Office as a sector has stabilized but the shift in remote work has also stabilized, meaning that office displaced retail as the lowest-ranked property sector this year and conditions are unfavorable for any new office development, yet, as the Port discovered in negotiating to purchase the office complex International Place (STOC) across from the SEA terminal, there are bargains to be had for office acquisitions where uses can be assured. The pandemic forced structural shifts in how and where we work, and these changes continue to endure.

Local

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 moderate 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 showing some improvements in 2025. However, businesses are still struggling due to several challenges that range from technical and capital support, supply chain issues, tariffs, and a slowing economy.

Although these challenges are front-and-center in the market, the EDD's DIC program continues to push its robust outreach efforts, combined with effective business resiliency support by providing business opportunities, trainings, workshops, and accelerator programs to support small and WMBE firms. These efforts and more are supporting communities by supporting 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 among governments, non-profits, and chambers.

For 2026, the DIC department is a critical component to 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 US tourism industry faces new challenges in the form of global economic issues and growing anti-US sentiment globally (declining international arrivals are set to increase the nation's \$50 billion travel trade deficit in 2026), the Port and its tourism partners across the state strive to strengthen relationships and deploy strategies that continue to drive positive economic, social, and cultural

benefits of tourism across the region. By focusing on strategies that are geared towards destination stewardship, enhancing visitor experience, and delivering visitor spending when and where it is needed most, we maximize the Port's significant role in the industry.

Through partnership with Visit Seattle and State of Washington Tourism (SWT), the Port supports tourism-related businesses statewide by doing what they cannot do for themselves when it comes to amplifying the story of Washington across the globe. The Port delivers value to the local tourism industry by educating partners on how they can get involved and benefit from working with travel trade and travel media. Our work directly complements the robust domestic program that showcases how to increase length of stay for cruisers, business travelers, and more.

Building on the success of these partnerships, our relationships with industry partners, media, and travel producers on a global scale remain strong. In 2026, the tourism team will attend strategically chosen conferences in effort to host more media to introduce local attractions and destinations that attract publicity on responsible and inclusive travel. By doing this work, potential visitors will be informed and welcomed in Washington.

Destination stewardship and responsible travel 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 engaging with visitors who share Washington's passion for protecting its assets by amplifying the benefits of tourism, while minimizing negative environmental impacts. In 2026, the Port will launch its Responsible Travel Pledge, which aims to educate and inspire visitors to create a positive cycle of tourism throughout the region by visiting during less busy times, supporting lesser-known and lesser-resourced destinations, respecting our natural lands, and more. 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) plays a key role in enabling our local industry partners to reach new audiences and expand Port priorities with their marketing. The TMSP evaluation system has been reinvigorated to further support the Port's environmental and inclusive tourism priorities and will enter a new two-year funding cycle in January 2026. We are also looking to add additional funding to support a local DMO to conduct a large destination stewardship program.

In 2026, we continue to build a solid foundation with industry partners to increase the positive economic, social, and cultural benefits of tourism, and visitation.

Economic Development and Innovation Initiatives

Economic Development City Partnership Fund Program

Market Analysis and Assessment

Since 2016, the Port's Economic Development City Partnership Fund has fostered a shared vision and shared success by collaboratively partnering with cities as thought partners in their economic development plans. The funding supports programs and initiatives in cities within King County relating to small business assistance, recruitment/retention, tourism, trade, workforce development, and planning.

In 2025, staff requested Commission approval to extend the funding cycle through 2026, aligning with cities' biennial budgets and allowing more time for implementation. The two-year cycle also positions cities to optimize funding for tourism and business activations tied to the 2026 FIFA World Cup.

Greater Seattle Export Accelerator

Market Analysis and Assessment

From 2023–2025, the Port supported four GSEA cohorts through Greater Seattle Partners, providing advanced export training, advising, and international market access for 50+ small businesses across King, Pierce, and Snohomish counties. Training focused on financial readiness, target market selection, and supply chain needs. At least two new cohorts are planned for 2026.

Maritime Innovation Initiatives

Market Analysis and Assessment

Washington's maritime industry supports 175,000 jobs, \$45.9B in business revenue, and \$14.4B in labor income. Through its Maritime Blue Ventures partnership in 2024-2025, the Port has helped advanced startups in low-carbon propulsion, robotics, seafood innovation, and digitization, supporting the Port's ambitious "Teal New Deal" vision.

On the horizon, there are opportunities to revive the shipbuilding and maritime supply chain economy in Washington State. With the Navy's announcement to add an extra dry dock at the Puget Sound Naval Shipyard to the existing drydocks in the Puget Sound Area, there is an excellent opportunity to support the future of maritime innovation and shipbuilding in our region for both military and commercial industries. Currently, there are many businesses operating in this sector right now. More research needs to be done to assess the readiness and competitiveness in several areas to understand whether businesses can scale or remain competitive at a national and international level.

Scalability depends on several factors: workforce readiness, infrastructure modernization (includes electrification), business readiness, and certainty with consistently funded projects and initiatives.

CHALLENGES AND OPPORTUNITIES:

Real Estate Development and Planning

Strengths:

- Strategically located properties with favorable zoning regulations consistent with our mission.
- Experienced internal team has relationships in industrial markets relating 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 are expensive to develop (brownfields, soils, etc.).
- Port Project Management capacity limited and impacts project delivery schedules.
- Capacity constraints in procurement mean long contracting intervals.

Opportunities:

- New SEA EDD partnership around implemented Real Estate Plan highlights opportunities for direct development investment and equity level operational improvements.
- Formal partnership between EDD and ENV SUS divisions in 2025 to bring joint initiatives around commercializing of new energy enterprises and the use of Port land for a Green Energy Sandbox and the implementation of elements of the Seattle Waterfront Clean Energy Strategy.
- Changing economic settings may make 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.
- Partnership with Burien on development at NERA 1.

Threats:

- Changing trade, immigration, and tariff policies are increasingly seen as inflationary and reduce the platform investment in the region's maritime industrial sector.
- Rollback of environmental regulation at the Federal level creates uncertainty with new green energy investments which were just reaching some level of momentum in terms of enterprise investment favorable to the Port's environmental policies.
- Continued inflation and interest rate pressure impacts project cost and feasibility.
- Limited opportunities to purchase real estate due to market pressures.
New pressures for upzoning industrial lands and the private market increasing proactively buying waterfront industrial property to hold for favorable land use term in future years providing disincentive prospect for industrial redevelopment that might be more favorable to the Port's key maritime interests.

Diversity in Contracting (DIC)

Strengths:

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

Weaknesses:

- 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.
- DIC staff have 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.

Opportunities:

- Strong community/ethnic media network can help amplify program.
- Link accelerator training completion to contracting opportunities.
- Encourage current WMDBE workforce to start businesses in areas of need.
- Increased focus on Small Works and Category 1 (professional service) contracts.
- Expanded partnerships with other Agencies (i.e. Mentor Capacity 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.
- Leverage alternative delivery (Design/Build, General Contractor/Construction Manager) projects.
- Improve Language Access and dissemination of information.

Threats:

- Ongoing threats to local (I-200) and national DEI work – Possible impacts to Port-wide funding.
- Public Perception that the Port can be difficult to contract with.
- Project Labor Agreements (PLAs) can be a real/perceived barrier to WMBE utilization.
- Supply Chain and Tariff issues impact labor availability, costs, job performance, etc.
- Perception that Port is not fully committed to Diversity in Contracting.
- Concurrent procurement opportunities within region may impact WMBE availability.
- Perception that the Port is only looking at numbers, not accountabilities (utilization of same WMBE firm to reach numbers – WMBE utilization still needs work).

Tourism Development

Strengths:

- Key gateway for international arrivals and Alaska cruises.
- Strong partnerships with local DMOs and travel industry.
- Strong team are adept at building and optimizing relationships to advance Port priorities.
- Embrace of DEI, destination stewardship, and responsible travel.

Weaknesses:

- Slow reaction times to opportunities are due to long and/or complex internal processes for contracting and paying invoices.
- Lack of clear Port-wide branding, messaging, and digital resources for travel trade.
- Potential visitors 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 DEI through funding, partnerships and projects.
- Awareness 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.
- Growing anti-US sentiment due to actions of federal government

Regional Economic Development Initiatives

Strengths:

- Team is trusted by city partners and is seen as a regional economic development engine.
- Provides niche funding for business assistance, business retention/expansion, business attraction, buy local/placemaking, tourism, workforce development, and special projects/plans

Weaknesses:

- Port community investments are not well integrated with other Port investments.
- Regional economic development initiatives can be difficult to scale or expand.
- Economic development partners often operate in vacuums and economic impacts are piecemealed.
- Economic development partners are not always collaborative.

Opportunities:

- External partners welcome productive economic development partnerships with the Port.
- Public agencies are investing in economic development regionally – optimizing Port funding

Challenges/Threats:

- Fragmented economic development efforts make it difficult to scale successful efforts regionally
- Challenging for cities to measure outcomes on a short-term basis. Many projects may have long-term objectives, which are hard to measure in terms of immediate returns on investment.
- Port is often seen as an organization abundant with unlimited resources.

Innovation Initiatives

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 and/or alternative fuels opportunities.
- Port staff engaged with maritime, and aviation teams, understand problems and opportunities.

Weaknesses:

- Innovation initiatives are new, so patience is needed to define/achieve outcomes.
- Need ability to pilot programs without running into “public gift of funds” issues.

Opportunities:

- Bring world class technologies that support decarbonization of the Port’s business lines of aviation, maritime, and real estate development.
- Advance partnerships with education, non-profits, businesses, and other public agencies to develop the next generation of Port related innovation.
- Assess regional competitiveness and opportunities for shipbuilding and supply chain to reinvigorate the maritime economy in Washington State.
- Explore alternative energy opportunities for the Port’s major industries including aviation and maritime.
- Advance alternative fuel infrastructure for the maritime and aviation divisions.

Threats:

- Competition with other ports and regions who have a more competitive edge.
- Affordability for companies and their workforce to locate here.

C. OPERATING BUDGET SUMMARY

Background

From a financial standpoint, the EDD's activities are:

- Implement programs that directly support the Port's initiatives to promote WMBE, small businesses, tourism development, regional economic development, innovation within the maritime and aviation industries. 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 the Maritime and Aviation Divisions.

Assumptions

The 2026 Economic Development Division Budget is based on the following assumptions:

- Economic Development City Partnership Fund and Tourism Marketing Support Fund will continue.
- Salaries and benefits forecasted using the 2026 Budget guidelines of 4% average annual pay increase.

Major Changes in 2026 Budget

2026 continues to focus on advancing Responsible Tourism, development of a new program for a rural tourism development program, support of the Sound Industrial Alliance, implementation of the updated WMBE Disparity Study, finalizing and implementation of the Economic Development Strategy and Action Plan, executing and engagement with the Cascadia Sustainable Alternative Fuels Accelerator and Incubator (CSAI), and funding an analysis on economic opportunities within Maritime and Real Estate assets.

Operating Expense Drivers

The total operating expenses for the Economic Development Division's 2026 budget remain nearly flat, with an increase of \$22K or 0.24% increase.

TABLE VI-3: ECONOMIC DEVELOPMENT EXPENSES BY ACCOUNT

(\$ in 000's)		2023	2024	2025	2026	% Change
	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
BY ACCOUNT						
Total Operating Revenue		\$ 17	\$ 16	\$ 3	\$ 16	423.8%
Expense						
Salaries, Wages, Benefits & Workers Compensation		\$ 3,033	\$ 3,239	\$ 3,813	\$ 3,771	-1.1%
Equipment Expense		10	34	21	7	-68.0%
Utilities		9	8	7	7	-3.5%
Supplies & Stock		4	4	6	7	13.5%
Outside Services		4,046	3,425	4,393	4,248	-3.3%
Travel & Other Employee Expenses		130	116	235	374	59.2%
Promotional Expenses		151	174	230	276	19.8%
Other Expenses		237	217	435	472	8.5%
O&M Expenses Before Charges to Cap/Govt/Envrs Projects		7,618	7,217	9,140	9,162	0.2%
Charges to Capital/Govt/Envrs Projects		-	33	-	-	0.0%
O&M Expenses w/o Pension Credit		\$ 7,618	\$ 7,251	\$ 9,140	\$ 9,162	0.2%
DRS Pension Credit		(285)	(230)	-	-	0.0%
O&M Expenses with Pension Credit	1)	7,333	7,020	9,140	9,162	0.2%
Lease Interest Expense		3	4	-	-	0.0%
SBITA Interest Expense		-	-	-	-	0.0%
Total Operating Exp plus Lease Interest Exp		\$ 7,337	\$ 7,024	\$ 9,140	\$ 9,162	0.2%

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Note:

1) Does not include allocations from other divisions.

FIGURE VI-3: ECONOMIC DEVELOPMENT EXPENSE BY ACCOUNT

(\$ in 000's)

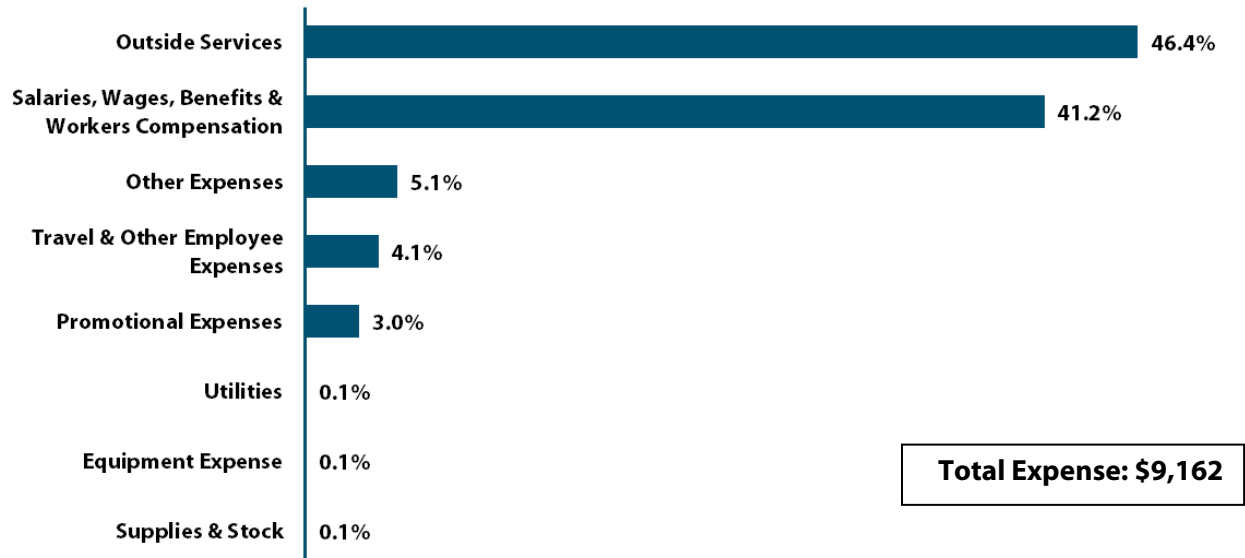


TABLE VI-4: ECONOMIC DEVELOPMENT REVENUE AND EXPENSE BY DEPARTMENT

(\$ in 000's)		2023	2024	2025	2026	% Change
BY DEPARTMENT		Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
REVENUE						
Economic Development Management		\$ 17	\$ 16	\$ 3	\$ 16	423.8%
Total Operating Revenue		17	16	3	16	423.8%
EXPENSES BEFORE CHARGES TO CAP/ GOVT/ENVRS PROJECTS						
Real Estate Dev & Planning		869	1,020	1,586	1,608	1.4%
Econ Dev Environmental Reserve		-	-	-	-	0.0%
Economic Development Management		3,183	2,401	3,044	2,956	-2.9%
Small Business		1,796	1,835	2,356	2,463	4.6%
Tourism		1,486	1,707	2,154	2,134	-0.9%
Others		-	23	-	-	0.0%
Total Expenses Before Charges to Cap/Govt/Envrs Projects	1) & 2)	7,333	6,987	9,140	9,162	0.2%
CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS		-	33	-	-	0.0%
OPERATING & MAINTENANCE EXPENSE						
Real Estate Dev & Planning		919	1,062	1,586	1,608	1.4%
Economic Development Management		3,253	2,459	3,044	2,956	-2.9%
Small Business		1,906	1,930	2,356	2,463	4.6%
Tourism		1,540	1,743	2,154	2,134	-0.9%
Others		-	57	-	-	0.0%
O&M Expenses w/o Pension Credit	3)	7,618	7,251	9,140	9,162	0.2%
DRS Pension Credit		(285)	(230)	-	-	0.0%
O&M Expenses with Pension Credit		7,333	7,020	9,140	9,162	0.2%
Lease Interest Expense		3	4	-	-	0.0%
Total Operating Rev plus Lease Interest Income		\$ 7,337	\$ 7,024	\$ 9,140	\$ 9,162	0.2%

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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.

D. STAFFING OVERVIEW

Economic Development’s proposed 2026 budget is 18.0 Full-Time Equivalents (FTEs), no change from 2025. The following table outlines the FTEs in the Economic Development Division.

TABLE VI-5: ECONOMIC DEVELOPMENT STAFFING

STAFFING (Full-Time Equivalent Positions)								
							# Change	% Change
							2025 Bud-	2025 Bud-
							2026 Prop.	2026 Prop.
BY DEPARTMENT	Notes	2023 Actual	2024 Actual	2025 Budget	2025 Est. Actual	2026 Proposed Budget	Bud	Bud
Economic Development Administration		4.0	3.0	3.0	3.0	3.0	0.0	0.0%
Portfolio & Asset Management		14.0	0.0	0.0	0.0	0.0	0.0	0.0%
P69 Facilities Management		5.0	0.0	0.0	0.0	0.0	0.0	0.0%
Real Estate Development & Planning		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Diversity in Contracting		8.0	9.0	9.0	9.0	9.0	0.0	0.0%
Tourism		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
TOTAL ECONOMIC DEVELOPMENT DIVISION		37.0	18.0	18.0	18.0	18.0	0.0	0.0%
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VII - CENTRAL SERVICES



CENTRAL SERVICES

A. 2026 BUDGET SUMMARY

TABLE VII-1: CENTRAL SERVICES BUDGET SUMMARY

(\$ in 000's)		2023	2024	2025	2026	Change	% Change
	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud	2025 Bud - 2026 Bud
OPERATING RESULTS							
Total Operating Revenue		\$ (216)	\$ 403	\$ 183	\$ 259	\$ 76	41.3%
Central Services		166,632	217,864	195,910	204,697	8,787	4.5%
O&M Expenses w/o Pension Credit		166,632	217,864	195,910	204,697	8,787	4.5%
DRS Pension Credit		(14,479)	(11,743)	-	-	-	0.0%
O&M Expenses with Pension Credit		152,153	206,121	195,910	204,697	8,787	4.5%
Lease Interest Expense		91	63	17	18	1	5.8%
SBITA Interest Expense		246	603	185	425	240	130.2%
Total Operating Exp plus Lease Interest Exp		152,490	206,786	196,111	205,140	9,028	4.6%
Excess of Revenue over Expense (with Pension Credit)		\$ (152,369)	\$ (205,718)	\$ (195,727)	\$ (204,438)	\$ (8,711)	4.5%
Committed Capital Budget		\$ 7,743	\$ 6,973	\$ 18,561	\$ 10,536	\$ (8,025)	-43.2%
Business Plan Prospective		507	2,481	5,886	10,056	4,170	70.8%
CIP Cshflow Adjustment Revenue		-	-	(6,700)	(6,400)	300	-4.5%
Total Capital Budget		\$ 8,250	\$ 9,454	\$ 17,747	\$ 14,192	\$ (3,555)	-20.0%
Employment (Total FTEs)		929.7	946.8	976.8	985.0	8.2	0.8%

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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.
- Add resources for World Cup and Semi Quintennial events.

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 2026 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 plans 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 disposition or retirement including lease (lessee) accounting and subscription-based information technology arrangements accounting.

GRANT FUND ADMINISTRATION:

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

JOINT VENTURE ACCOUNTING:

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

GENERAL ACCOUNTING AND TAX ADMINISTRATION:

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

development and enforcement of Port-wide accounting policies and procedures, as well as business tax administration.

FINANCIAL REPORTING AND TECHNICAL ACCOUNTING:

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

ENTERPRISE RESOURCE PLANNING SYSTEMS FUNCTIONAL ADMINISTRATION AND PROJECTS DELIVERY:

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

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT):

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

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

FINANCE AND BUDGET:

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

BUDGET:

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

- Provide budget consultation and support to the operating divisions and Central Services departments.
- Provide ad-hoc financial analysis for the Port.
- File statutory budget.

FINANCE AND TREASURY:

- Existing debt management: bond proceeds usage reconciliation; regulatory compliance and financial reporting; bad money analysis; arbitrage rebate calculations; provide financial updates to ratings agencies; investor relations; letter-of-credit renewals and replacements.
- Manage new debt issuance.
- Manage engagements with outside financial advisor, bond and disclosure counsel and underwriters.
- Coordination of short and long-term funding plans for future capital needs; development and monitoring of the Port's annual Capital Budget and Plan of Finance; tax levy funds management.
- Industrial Development Corporation administration.
- Treasury functions include Cash and Investment portfolio management and management of the Port's banking contract.
- Provide ad-hoc economic impact analysis.

BUSINESS INTELLIGENCE:

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 2026 budget development approach included the following steps: scrutinizing line-items by account and making appropriate adjustments to the 2025 baseline budget; adding a 4% 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 2026 Budget:

The 2026 budget for Central Services is \$204.7M, \$8.9M or 4.5% higher than the 2025 budget. The budget before Capital Charges is \$261.3M, a \$15.7M or 6.4% increase from the 2025 budget. The 2026 budget includes \$3.7M 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 2026 total payroll budget increased by \$6.9M or 4.5% primarily due to (1) 7.0 new FTEs for 2026, (2) annualizing the pay for new FTEs approved in the 2025 budget, (3) a 4.0% average pay increase, (4) increase for represented groups based on contracts, and (5) partially offset by a 4.0% vacancy factor of \$6.4M.

2026 non-payroll budget increased by \$1.8M primarily due to a combination of increases in (1) Outside Services \$4.7M, (2) Support for World Cup & Semi Quincentennial events \$500K, and (3) Insurance Expense \$472K. Both the payroll and non-payroll costs are partially offset with a \$6.9M or 14.0% more Charges to Capital in 2026.

TABLE VII-2: 2026 PROPOSED NEW BUDGET ADDITIONS (ALL ITEMS)

A total of 35 New Budget requests for \$3.7M were incorporated into the Central Services Budget. The new items are summarized into major categories below:

Category	Purpose/Outcome	2026 Requests
Implement and support Port initiatives and goals	Seattle will be one of the host cities for the 2026 Fédération Internationale de Football Association (FIFA) World Cup. This funding would allow the Port to showcase to the world how Seattle champions sustainability, equity, and economic development. This supports the Port's goal to provide positive passenger experiences at airports and event terminals, thereby propelling economic growth.	500,000
	Provide ongoing support for Maritime High School that launched in Fall 2021. The school is operated by the Highline School district and includes curricula focused on Port-related industries, including maritime and green jobs. This funding is to make maritime careers more visible to BIPOC communities which is in line with the Port's values of equity and accessibility.	100,000
	ADA Testing Software to scan the Port's website and content to ensure compliance with Web Content Accessibility Guidelines (WCAG) 2.1 Level AA by April 2027. Implementation of this software supports the port goal to become a model of equity, diversity, and inclusion by ensuring that the Port's data content can be accessed by all.	100,000
	Anti-Human Trafficking (AHT) funding will support the ongoing effort to raise awareness of the signs and behaviors of human trafficking and how to report it. This funding will include annual breakfast and AHT Awareness month efforts; app and QR code; training program for port staff; conference for AHT workgroup; and additional funds for FIFA World Cup.	88,000
	(1) Employee Resource Group funding provides employees with learning and development opportunities which enforces the Port's goal of fostering an inclusive and engaging work environment. (2) The Leadership Conference will bring leaders together for a strategic conversation across the organization. This is essential in fostering an environment of transparency, accountability, respect, leadership, and fairness to give Port staff the tools to be exceptional public servants.	60,000
	Subtotal	848,000
Advance work on regional economic priorities and enhance engagement with surrounding communities	Central Procurement Office (CPO) Technology Solution will support the Port's future projects and procurement needs. This integrated electronic procurement system will streamline the bidding process by providing templates and checklists to the bidders, built in reminders, technical assistance, and reliable technology. This system will make it easier for firms (especially WMBE, small businesses, and disadvantaged firms) to do business with the Port. This approved item aligns with the Port's goal of enhancing community engagement with partners and surrounding communities.	330,000
	Core Plus Maritime curriculum funding will support the pilot program in near-port and tribal schools managed by Muckleshoot and Suquamish Tribes. The curriculum will combine hands-on, high-end learning in Science, Technology, Engineering and Math (STEM) with global merchant marine safety Standards of Training Certification and Watchkeeping (STCW). This funding advances the Port's goal of continued support for surrounding communities.	50,000
	The Manufacturing Maritime Industrial Association (MMIA) is a nonprofit organization dedicated to strengthening Washington's maritime, manufacturing, logistics, and industrial sectors. Becoming a member and having a seat on the board of directors will assist the Port in fostering its goal of continued support for surrounding communities by protecting industrial lands, prioritizing investment, advocating for supportive policies, and implementing strategies that drive growth, resilience, and long-term sustainability.	25,000
	Subtotal	405,000

Central Services

Organizational Needs and Division Priorities	Computer Refresh program will replace aging equipment across the organization. Industry recommendations are to replace employees' computers every 3 years to ensure efficiency and security. Replacing aging equipment will increase reliability and efficiency as well as allow for smooth roll-out of security and critical new software upgrades.	782,000
	Implementing a Strategic Planning Reporting Software will enhance organizational alignment, improve goal tracking, and drive measurable outcomes. This will provide a structured framework for setting and monitoring objectives. Through the implementation of this new technology solution, leaders will have access to real-time insights, improving decision-making and overall performance. Additionally, this solution ensures transparency, fosters collaboration, and integrates seamlessly with existing workflows, enabling teams to stay focused and adapt to evolving priorities.	150,000
	(1) Conference Room Audio Improvements will provide enhanced microphone pickup and additional speaker volume thereby resolving audio challenges during hybrid meetings; (2) Telecom Infrastructure Engineer will ensure critical communications links function properly. This new position will support expanding capital construction projects, smart technology deployments, and growing operational maintenance demands at the Airport and Seaport; (3) Call Center Software for Service Desk will replace the call queue and the IVR (interactive voice response) that were wiped out by the cyber-attack. Adopting Webex Contact Center aligns with our strategic goals of improving customer satisfaction, increasing operational efficiency, and supporting future growth.	100,683
	As the Port continues to grow, with new assets being acquired and older assets replaced, the demand on Capital Services to maintain these systems and their underlying data has expanded significantly in recent years. The addition of a Capital Services Business System Analyst will assist in enhancing oversight of financial reporting, streamlining automation efforts, and strengthening data governance frameworks.	93,522
	Subtotal	1,126,205
Public Safety & Online Security	(1) The addition of two new positions in Information Security department: Cybersecurity Specialist and Identity and Access Management (IAM) Specialist will assist in strengthening the Port's overall security framework to protect critical infrastructure and assets. (2) Consultant Risk Assessment and Penetration Testing will assist in measuring current risk exposure and providing prioritized recommendations to reduce organizational cyber risk. (3) The implementation of Check Point's Harmony Email Filtering will protect the Port's systems against zero-day threats, phishing, business email compromise (BEC), account takeover, and internal data leakage.	588,924
	ICT will add three positions: Network Engineer will ensure that the Port's network operates efficiently and securely; Windows Server Engineer will support the VMWare, Windows based Services, and Azure administration as well as the related security of each system; Enterprise Cloud Architect will oversee and align the Port's enterprise system architecture across departments with the Port's security framework. These positions will strengthen the Port's systems to protect against our cyber threats and ensure coordinated, efficient technology use.	249,196
	(1) The Police department's crowd management unit will increase staff time to ensure the safety of participants and spectators during the 2026 World Cup. (2) Police's crowd management staff will attend a dialogue course to assist officers in communicating and managing larger crowd anticipated during the World Cup. (3) Police will acquire the Axon DeDrone City Wide App, a notification system that will alert the department of the presence of drones. This is especially important with the upcoming World Cup due to a projected increase in drone activity before and during the event.	235,943
	Police will purchase necessary equipments: (1) Homeland Security Unit uniforms and advanced equipment and weapons storage (2) new plate carriers for the Bomb Disposal Unit. These equipments will ensure that Police officers are well-equipped to protect themselves and the public during high-threat situations. Police will acquire (3) Explosive Odor Recognition K9s that will provide immediate deployable threat detection, enhancing overall safety and security of the Port and its facilities. Moreover, Police will upgrade (4) bikes for the Crowd Management Unit (CMU), the team responsible for responding to civil unrest. Police will purchase (5) supplies and computers for the dive team which will improve the team's ability to conduct safe, effective underwater operations in the Port's complex and high-traffic maritime environment.	132,500
	Police will increase (1) Public Defender contract per agreement with the City of SeaTac court in compliance with the Supreme Court's provisional order concerning caseload standards for public defense services. Police will increase the budget for (2) the Basic Law Enforcement Academy (BLEA) which is a required training for all entry level Police Officers to gain their state certification. Police will purchase (3) a 3D Crime Scene Mapping Tool that will enable the unit to create highly immersive, dimensionally accurate 3D models of complex crime scenes, ensuring more effective investigations and enhanced evidence presentation. This tool will reduce processing times and minimizes the risk of contamination or loss of critical evidence, reinforcing the Port's commitment to public safety and justice.	95,000
	Subtotal	1,301,563
Grand Total		3,680,768

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)		2023	2024	2025	2026	% Change
BY ACCOUNT	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
Total Operating Revenue		\$ (216)	\$ 403	\$ 183	\$ 259	41.3%
Expense						
Salaries, Wages, Benefits & Workers Compensation		\$ 148,720	\$ 171,501	\$ 180,452	\$ 189,324	4.9%
Equipment Expense		2,400	3,025	2,568	3,054	18.9%
Utilities		58	98	48	88	84.6%
Supplies & Stock		1,551	1,107	906	1,132	24.9%
Outside Services		39,407	43,408	48,241	52,918	9.7%
Travel & Other Employee Expenses		2,589	2,766	3,982	3,865	-2.9%
Promotional Expenses		1,806	6,409	850	1,385	62.9%
Other Expenses		9,127	33,846	8,493	9,487	11.7%
Total O&M Expenses Before Charges to Cap/Govt/Envrs Projects		205,657	262,160	245,540	261,252	6.4%
Charges to Capital/Govt/Envrs Projects		(39,025)	(44,296)	(49,630)	(56,555)	14.0%
Total O&M Expenses w/o Pension Credit	1)	\$ 166,632	\$ 217,864	\$ 195,910	\$ 204,697	4.5%
DRS Pension Credit		(14,479)	(11,743)	-	-	0.0%
Total O&M Expenses with Pension Credit		152,153	206,121	195,910	204,697	4.5%
Lease Interest Expense		91	63	17	18	5.8%
SBITA Interest Expense		246	603	185	425	130.2%
Total Operating Exp plus Lease Interest Exp		\$ 152,490	\$ 206,786	\$ 196,111	\$ 205,140	4.6%

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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)

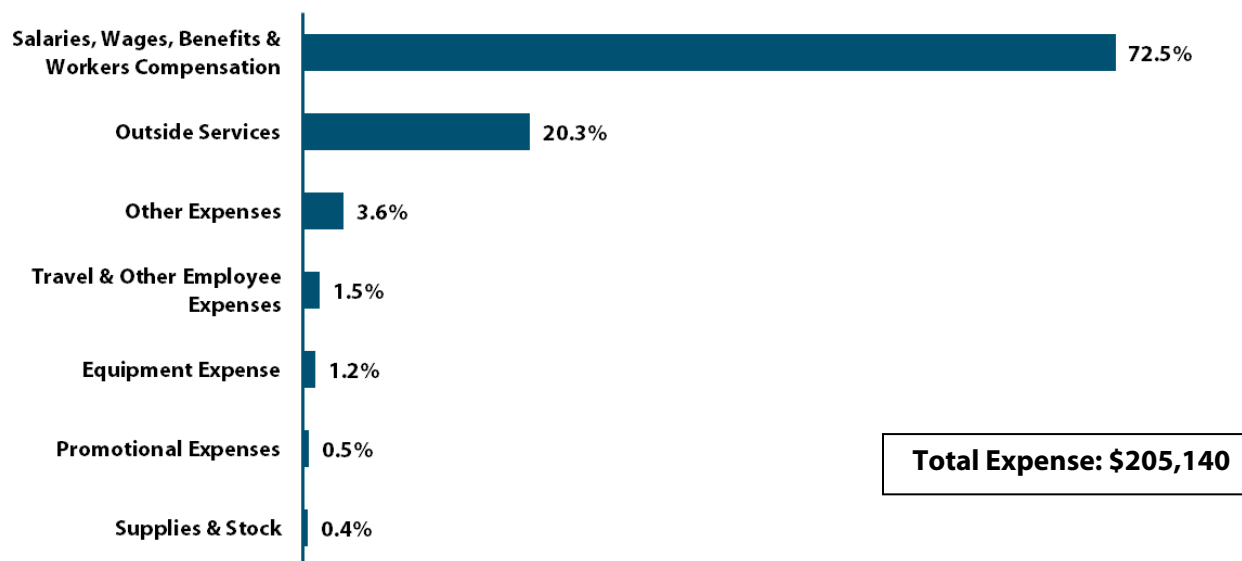


TABLE VII-4: CENTRAL SERVICES EXPENSE BY DEPARTMENT

(\$ in 000's)		2023	2024	2025	2026	% Change
	Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
BY DEPARTMENT						
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS						
Commission		\$ 2,448	\$ 3,042	\$ 3,589	\$ 3,671	2.3%
Executive		3,147	6,025	2,779	3,407	22.6%
Accounting & Financial Reporting Services		9,057	10,015	12,059	12,807	6.2%
Business Intelligence		1,609	1,888	2,543	2,633	3.5%
Central Procurement Office		9,707	10,433	12,922	13,420	3.9%
Engineering		33,099	40,993	51,129	55,756	9.0%
Environment & Sustainability		1,137	1,479	2,544	2,306	-9.4%
Equity Diversity and Inclusion		5,475	6,449	7,435	7,513	1.0%
External Relations		10,155	14,380	14,211	15,858	11.6%
Finance & Budget		2,602	3,075	3,179	3,371	6.0%
Human Resources		13,571	16,193	17,817	19,160	7.5%
Information & Communication Technology		29,225	33,077	36,030	39,119	8.6%
Information Security		2,073	2,641	2,993	4,634	54.8%
Internal Audit		1,944	1,935	2,267	2,448	8.0%
Labor Relations		1,292	1,541	1,933	1,923	-0.5%
Legal		10,316	10,312	6,365	6,863	7.8%
Office of Strategic Initiatives		1,291	1,125	1,557	1,731	11.2%
Police		36,422	43,591	45,860	48,213	5.1%
Port Construction Services		11,102	12,900	12,967	13,961	7.7%
Risk Services		5,756	7,395	8,016	8,642	7.8%
Contingency	1)	(251)	21,534	(2,655)	(6,184)	132.9%
Industrial Development Corp		1	-	-	-	0.0%
Others		1	6	-	-	0.0%
Total Expenses Before Charges to Cap/Govt/Envrs Projects	2) & 3)	191,178	250,417	245,540	261,252	6.4%
CHARGES TO CAP/GOVT/ENVRs PROJECTS						
		(39,025)	(44,296)	(49,630)	(56,555)	14.0%
OPERATING & MAINTENANCE EXPENSES						
Commission		2,623	3,191	3,589	3,671	2.3%
Executive		3,307	6,150	2,779	3,407	22.6%
Accounting & Financial Reporting Services		9,846	10,680	12,059	12,807	6.2%
Business Intelligence		1,740	1,998	2,543	2,633	3.5%
Central Procurement Office		7,306	7,838	9,165	9,756	6.4%
Engineering		8,254	10,322	15,131	13,764	-9.0%
Environment & Sustainability		1,189	1,544	2,544	2,306	-9.4%
Equity Diversity and Inclusion		5,641	6,595	7,435	7,513	1.0%
External Relations		10,781	14,884	14,211	15,858	11.6%
Finance & Budget		2,868	3,285	3,179	3,371	6.0%
Human Resources		14,580	16,982	17,817	19,160	7.5%
Information & Communication Technology		28,091	32,142	31,482	34,080	8.3%
Information Security		2,193	2,759	2,968	4,612	55.4%
Internal Audit		2,120	2,064	2,267	2,448	8.0%
Labor Relations		1,417	1,654	1,933	1,923	-0.5%
Legal		10,674	10,616	6,255	6,863	9.7%
Office of Strategic Initiatives		1,396	1,211	1,557	1,731	11.2%
Police		41,023	47,068	45,860	48,213	5.1%
Port Construction Services		5,987	7,381	7,777	8,123	4.5%
Risk Services		5,845	7,462	8,016	8,642	7.8%
Contingency		(251)	21,534	(2,655)	(6,184)	132.9%
Central Services Capital to Expense		-	499	-	-	0.0%
Industrial Development Corp		1	-	-	-	0.0%
Others		-	6	-	-	0.0%
O&M Expenses w/o Pension Credit	4)	166,632	217,864	195,910	204,697	4.5%
DRS Pension Credit		(14,479)	(11,743)	-	-	0.0%
O&M Expenses with Pension Credit		152,153	206,121	195,910	204,697	4.5%
Lease Interest Expense		91	63	17	18	5.8%
SBITA Interest Expense		246	603	185	425	130.2%
Total Operating Exp plus Lease Interest Exp		\$ 152,490	\$ 206,786	\$ 196,111	\$ 205,140	4.6%

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Notes:

- 1) Contingency includes a vacancy factor of 5% of salaries, wages, and benefits for 2026.
- 2) Does include DRS pension credits.
- 3) Does not include adjustment for charges into Central Services Subclasses from Divisions.
- 4) Does not include DRS pension credits.

E. STAFFING

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

During the budget year (and after the budget has been adopted), departments may request 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 department must cover the additional mid-year FTE costs within their approved budget.

The approved 2025 FTE budget was 976.8. A total of 6.2 mid-year FTEs were approved during the second quarter of 2025. Additionally, an internal transfer of 1.0 (net zero) from Police to Human resources was approved during the third quarter of 2025. The proposed 2026 FTE Budget is 985.0 FTEs, a 0.8% increase from 2025 Budget. This number includes eliminating 5.0 seasonal and adding 7.0 new FTEs to advance key goals and initiatives.

TABLE VII-5: CENTRAL SERVICES STAFFING

STAFFING (Full-Time Equivalent Positions)									
			2022	2023	2024	2025	2025 Est.	2026	# Change
			Actual	Actual	Actual	Budget	Actual	Proposed	2025 Bud-
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Notes:

- 1) Legal was approved to add 1.0 mid-year FTE (Records Program Specialist) earlier this year.
- 2) External Relations added 1.0 FTE (Senior Program Manager) at the beginning of 2025 and extended a Limited-Duration part-time (0.80) FTE to full-time (+0.20) during the second quarter of 2025.
- 3) Human Resources added 2.0 FTEs (Sr Investigation Spec and HR Implementation and Project Manager) at the start of 2025 and received 1.0 FTE transfer from Police in 2026.
- 4) Accounting & Financial Reporting (AFR) added 2.0 mid-year FTEs (Supplier Management Ops Supervisor and General Ledger Business System Analyst) during the second quarter of 2025. In 2026, AFR will add 1.0 FTE (Capital Services Business System Analyst).
- 5) ICT added 3.0 FTEs (Content Solution & Communication Engineer, ERP Developer/Programmer II, Machine Learning/Artificial Intelligence Engineer I) earlier this year. For 2026, ICT will add 4.0 FTEs (Network Engineer, Server Engineer, Telecom Infrastructure Engineer, Enterprise Cloud Architect).
- 6) Central Procurement Office (CPO) was approved for a three-year limited-duration mid-year FTE (Procurement Officer IV) during the second quarter of 2025.
- 7) Information Security added 2.0 FTEs (Info Sec Technology Lead and Cyber Safety and Security Tech) in January 2025 and was approved to add 2.0 mid-year FTEs (Azure Cloud Security Architect Lead and Resiliency Analyst). In 2026, 2.0 FTEs (OT/ICS Cybersecurity Specialist and Identity and Access Management (IAM) Specialist) will be added.
- 8) Police added 12.0 FTEs (6.0 Homeland Security Division, 2.0 Dispatch, Deputy Chief, Crime Analyst/Intel Officer, BWC Specialist, Seaport Officer) at the beginning of 2025. Police transferred 1.0 FTE to Human Resources during the third quarter of 2025.
- 9) PCS will eliminate 5.0 seasonal FTEs in 2026.

F. CAPITAL BUDGET

Central Services has a total capital budget of \$14.2 million for 2026. For more details refer to the Capital Improvement Plan, Section IX.

TABLE VII-6 provides a summary of the Central Services 2026-2030 capital budget.

TABLE VII-6: CENTRAL SERVICES CAPITAL BUDGET

(\$ in 000's)	2026 Budget	2026-2030 CIP	% of 2026 Total Committed
Committed Capital Projects			
ICT Business Services	\$ 8,897	\$ 21,680	84.4%
General and Capital Development	1,639	8,010	15.6%
Total Committed	\$ 10,536	\$ 29,690	100.0%
Business Plan Prospective Projects	\$ 10,056	\$ 30,942	
CIP Cashflow Adjustment Reserve	\$ (6,400)	\$ -	
Total CIP	\$ 14,192	\$ 60,632	

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G. FINANCIAL AND FTE SUMMARY

TABLE VII-7: FINANCIAL AND FTE SUMMARY

(\$ in 000's)	2023 Acutal	2024 Acutal	2025 Budget	2025 Forecast	2026 Proposed Budget	% Change 2025 Bud - 2026 Bud
OPERATING BUDGET						
Total Operating Revenue	\$ (216)	\$ 403	\$ 183	\$ 244	\$ 259	41.3%
Core Central Services	111,368	153,093	127,143	132,884	134,596	5.9%
Police Department	41,023	47,068	45,860	45,849	48,213	5.1%
Engineering/PCS	14,241	17,703	22,907	20,336	21,887	-4.5%
O&M Expenses w/o Pension Credit	166,632	217,864	195,910	199,069	204,697	4.5%
DRS Pension Credit	(14,479)	(11,743)	-	-	-	0.0%
O&M Expenses with Pension Credit	152,153	206,121	195,910	199,069	204,697	4.5%
Lease Interest Expense	91	63	17	17	18	5.8%
SBITA Interest Expense	246	603	185	185	425	130.2%
Total Operating Exp plus Lease Interest Exp	152,490	206,786	196,111	199,270	205,140	4.6%
Net Operating Income (with Pension Credit)	\$ (152,369)	\$ (205,718)	\$ (195,727)	\$ (198,824)	\$ (204,438)	4.5%
Capital Spending	\$ 8,250	\$ 9,454	\$ 17,747	\$ 10,635	\$ 14,192	-20.0%
Total FTEs	929.7	946.8	976.8	983.0	985.0	0.8%

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VIII - TAX LEVY



A. TAX AT A GLANCE

- The preliminary maximum allowable levy for 2026 is \$120.2M.
- For 2026 the preliminary levy is \$90.2M, a 2.0 percent increase over the 2025 levy of \$88.4M. The levy is currently under review and may change for the final budget.
- The estimated 2026 millage rate is \$0.0998.
- Planned levy uses in 2026 include:
 - General Obligation (G.O.) Bond debt service.
 - Capital projects reviewed by the Commission.
 - Environmental and climate change initiatives.
 - Sound Insulation projects including Repair and Replacement Pilot and Highline School District.
 - 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 and Port Communities Fund.
 - Duwamish Valley Community Equity Program.
 - Friends of the Waterfront contribution.
 - Seattle Aquarium contribution
 - Support for the Equity, Diversity and Inclusion department and high school internship program.

B. TAX LEVY SOURCES

TYPES AND LIMITS OF LEVIES:

Regular Tax Levy

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

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

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

FIGURE VIII-1 shows the maximum levy permitted by law versus the actual levy levied by the Port from 1991 (the last year the Port levied the maximum) to 2026. 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 \$729M 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: 1991-2026

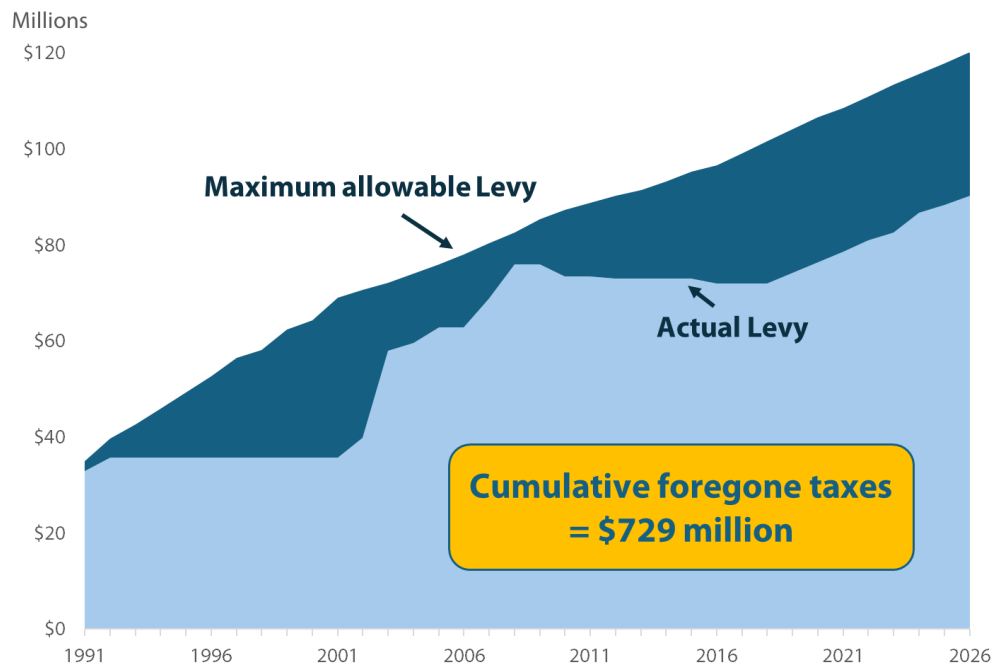
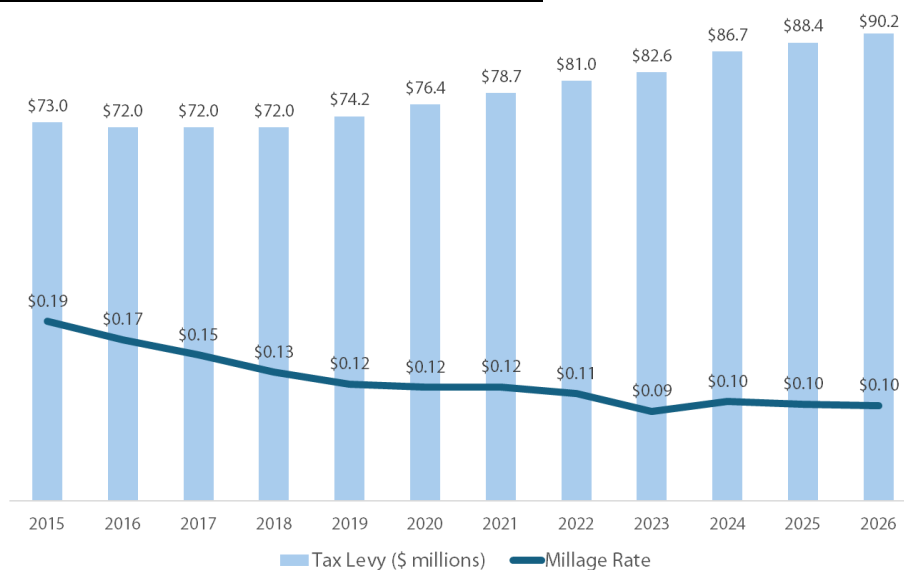


FIGURE VIII-2: TAX LEVY VS. MILLAGE RATE 2015-2026



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 2026 preliminary assessed value, the Port may levy up to an estimated \$2.5B over the twenty-year period, with the collection period beginning no sooner than 2027.

C. TAX LEVY USES

During the annual budget process, the Commission reviews and approves the amount of and projected uses of the tax levy. For 2026, the preliminary levy is \$90.2M levy, a 2.0 percent increase from the \$88.4M levy in 2025. The levy is currently under review and could change for the final budget. This proposed increase will help fund important capital investments in Seattle's working waterfront and maritime industries, as well as continued support of community programs and environmental remediation.

The 2026 levy is projected to fund \$38.9M in existing G.O. bond debt service. See Table VIII-2 for the complete allocation of existing 2026 G.O. bond debt service by project type.

The tax levy is projected to fund an estimated \$25.4M of capital improvements in 2026, including investments in key seaport projects aimed at maintaining Port assets, advancing maritime industries, supporting Seattle's working waterfront, and investing in local communities and the environment. Such projects include Northwest Seaport Alliance (NWSA) container terminal improvements in the North Harbor (Seattle), redevelopment efforts at Fishermen's Terminal and Terminal 91 (berth and uplands improvements as well as shore power and lighting upgrades), channel deepening to

accommodate larger container vessels, and some park infrastructure and improvement projects at Elliot Bay Connections Park, public access at Pier 66, həʔapus Village 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 2026, the levy funding for these programs totals \$20.5M.

- 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 projects to contribute \$1.4M to the City of SeaTac safety enhancements, \$1M for Highline School District sounds insulation, and \$4.0M on the Sound Insulation Repair and Replacement Pilot Program from the Tax Levy in 2026.
- 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 and other Port communities. In 2021, the Commission approved Order 2021-12 to review the South King County Community program for a possible five-year, \$10.0M extension. For 2026 the Port projects to spend \$2.2M of the South King and Port Communities fund to support environmental health and sustainability efforts as well as community equity programs and will fund an additional \$640,000 towards staff costs to support the program.
- Additional tax levy uses in 2026 include support for other community programs, such as: workforce development including Maritime Workforce Investments and the Airport Employment Center, tourism marketing support program, economic development partnership grant initiatives and investment in Maritime Shipbuilding Readiness, Duwamish Valley Community Equity funding as well as FTE support for the program, 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, a small amount of funding set aside for tourism and economic development opportunities related to the 2026 World Cup, and support for a local community advertising program at the Airport which aims to showcase nearby cities and destinations.

Table VIII-1 provides details of both the sources and uses of the tax levy. Some uses may have additional funding sources; the table only provides the amount to be funded by the tax levy in 2026, the projected ending balance is projected to fund future capital and expense projects as well as G.O. bond debt service.

TABLE VIII-1: SOURCES AND USES OF TAX LEVY

	2026 (\$ in 000's)
<u>SOURCES</u>	
Prior Year Tax Levy Fund Balance	\$ 18,632
Projected Tax Levy Collection	90,180
Total Projected Sources	108,812
<u>USES</u>	
G.O. Bonds Debt Service - Existing	38,915
Capital Expenditures	25,372
<i>Other Expenditures:</i>	
Sound Insulation - Repair and Replacement Pilot	4,000
Sound Insulation - Highline School District	1,017
Workforce Development & Economic Development Programs	3,827
Economic Development Partnership Programs	950
Duwamish Valley Community Equity Program	617
Maritime Blue	180
DBE/ACDBE/WMBE Training and Outreach	50
Tourism Marketing Support Program	920
Local Community Advertising Program	518
South King and Port Communities Fund	2,195
South King and Duwamish Valley Program FTE Support	848
Equity, Diversity and Inclusion	230
Economic Development Shipbuilding Readiness	100
SEA Moves Orca Pilot	500
World Cup contingency	500
High School Internship Program	290
Seattle Aquarium Partnership	400
Friends of the Waterfront contribution	2,000
City of SeaTac Safety Enhancements	1,400
Total Projected Other Expenditures	20,543
Total Projected Uses	84,829
Projected Ending Tax Levy Fund Balance	\$ 23,983

The tax levy, by Washington State statute, may be used broadly for general Port purposes. The Port's policy has been to prioritize the use of the levy to first pay debt service on previously issued G.O. bonds. Proceeds from the most recent new money G.O. bond issuance, the 2024BC LTGO's, as well as the previous issuance, the 2022B LTGO's, have not been fully spent but to date they have funded (or partially funded) the Port's investment in Terminal 5 and the Terminal 91 berth redevelopment project along with other Port seaport and NWSA capital projects within the North Harbor. Prior to that the 2017 LTGO bonds funded the Port's contribution to the Alaskan Way Viaduct replacement program. G.O. bonds also helped fund critical capital infrastructure investments in and around the Seattle Harbor, including container terminal upgrades and expansions, Fishermen's Terminal improvements, and dock renewals and upgrades at the Terminal 86 grain facility and Terminal 115. The Port forecasts \$38.9M in existing G.O. bond debt service in 2026, which is approximately 43% of total 2026 levy collections.

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

	Notes	2026 (\$ in 000's)
Containers		\$ 4,435
Docks and Commercial Properties		5,663
Public Expense		15,983
Unallocated Debt Service		
2022B LTGO New Money	1	4,883
2024C LTGO New Money	1	7,950
Total G.O. Bond Debt Service		\$ 38,915

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. The Port made an additional deposit of \$32M in 2025. Each year the Commission will review the ELF and assess the opportunity to make additional deposits. As of December 31, 2024, the Port currently had recognized approximately \$241M 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 will be included for the Final Budget.

TABLE VIII-3: USES OF ENVIRONMENTAL LEGACY FUND

To be included in the Final Budget for 2026

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 \$47.0M 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 2026.

TABLE VIII-4: USES OF TRANSPORTATION AND INFRASTRUCTURE FUND

(\$ in 000's)	2026
Beginning TIF Balance	\$ 47,047
Project Spending:	
Safe and Swift Corridor	1,229
Seattle Heavy Haul Network	3,300
Total Project Spending	\$ 4,529
Ending TIF Balance	\$ 42,518

- 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 projects to fund \$3.3M of that total in 2026.
- 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 up to \$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 projects to complete the final financial commitment by funding \$1.2M of this total in 2026.
- 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 2026 debt limit:

TABLE VIII-5: ESTIMATED GENERAL OBLIGATION DEBT LIMIT

Value of Taxable Property ⁽¹⁾	\$ 903,668,185,867
Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property)	2,259,170,465
Less: Outstanding Non-Voted General Obligation Bonds as of 12/31/2025	419,575,000
Less: Capital leases and other general obligations as of 9/30/2025	-
Remaining Capacity of Non-Voted General Obligation Debt	\$ 1,839,595,465
Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property)	6,777,511,394
Less: Total Outstanding General Obligation as of 12/31/2025	419,575,000
Less: Capital leases and other general obligations as of 9/30/2025	-
Remaining Capacity of Total General Obligation Debt	\$ 6,357,936,394

Note:

1) Preliminary assessed valuation as of 10/2/2025.

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 each year and to retain at least 25% for general purposes. An estimated 43% of the 2026 tax levy collections will be used to pay existing G.O. debt service in 2026.

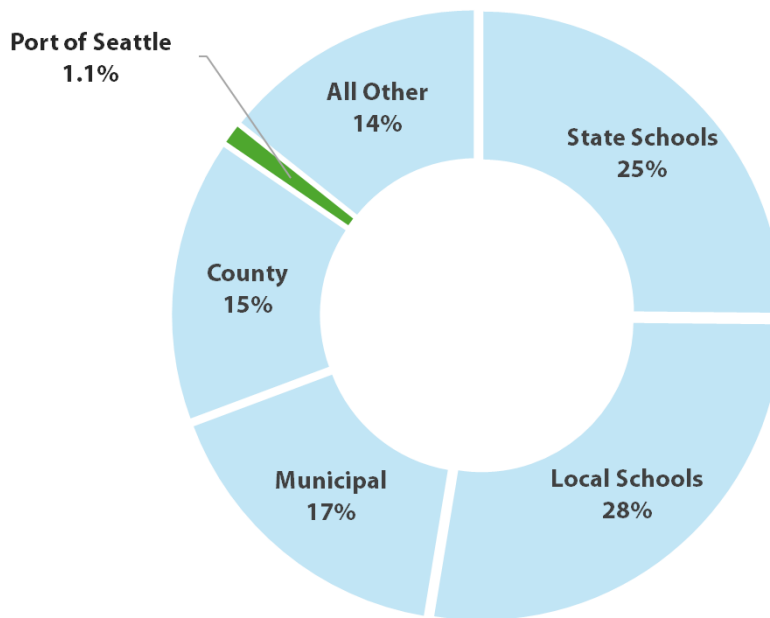
E. TAXPAYER EFFECT

For 2026 the preliminary levy is \$90.2, a 2.0 percent increase from the \$88.4M in 2025. In 2025 the median King County homeowner paid approximately \$85 in taxes to the Port of Seattle based on the median home value provided by the King County assessor. Figure VIII-2 provides the historical millage rate from 2015 to 2026.

F. COUNTY PROPERTY TAX COMPARISON

In 2025, 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



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IX - CAPITAL IMPROVEMENT PLAN



CAPITAL IMPROVEMENT PLAN

The following pages outline the 2026-2030 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. 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 2026 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. Since the 2020 Final Budget, the Port has 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 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 \$1.0 billion for 2026; the CIP for 2026-2030 will be included in the Port's final budget. The forecasted payment to the NWSA for capital expenditures is \$77.1 million for 2026 and \$227.9 million for 2026-2030.

TABLE IX-1: CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	
	2026
Aviation	\$ 973,930
Maritime ⁽¹⁾	112,895
Central Services	20,592
NWSA Joint Venture ⁽²⁾	168
Stormwater Utility ⁽¹⁾	1,728
CIP Cashflow Adjustment Reserve	(176,381)
Subtotal - Port CIP	\$ 932,933
Payment to the NWSA for Capital Expenditures ⁽³⁾	77,091
Total Port and 50% NWSA CIP	\$ 1,010,024

Notes:

- 1) CIP 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 2026 Aviation Division CIP. The Aviation Division CIP is \$835.9 million for 2026 and the CIP for 2026-2030 will be included in the Port's final budget.

TABLE IX-2: AVIATION DIVISION CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	
	2026
Committed Projects	
Terminal and Tenants	\$ 608,690
Infrastructure	89,951
Airfield	122,295
Landside	45,040
Noise Program	25,021
Aviation Division-wide	24,901
Security	10,277
Commercial Management	5,655
Subtotal - Aviation Committed CIP	\$ 931,831
Business Plan Prospective Projects	42,099
CIP Cashflow Adjustment Reserve ⁽¹⁾	(138,044)
Total Aviation CIP	\$ 835,887

Notes:

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

Committed Capital Projects:

Baggage Recapitalization/Optimization: This project will replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity. The new outbound baggage system will accommodate 60 million annual passengers. The project will be completed in three phases.

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.

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.

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.

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

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 Sustainable Airport Master Plan (SAMP) planning and design.

Main Terminal Improvement Program: The 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.

Also included is a reserve for undesignated future 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 2026-2030. The Maritime Division CIP is \$81.0 million for 2026 and \$608.1 million for 2026-2030.

TABLE IX-3: MARITIME DIVISION CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	2026	2027	2028	2029	2030	Total 2026-2030
Committed Projects						
Fishing and Operations	\$ 18,594	\$ 47,416	\$ 85,461	\$ 51,609	\$ 500	\$ 203,580
Portfolio Management	38,548	38,850	5,467	0	0	82,865
Cruise Operations	14,269	22,818	0	0	0	37,087
Maritime General	10,963	10,635	4,937	2,980	2,390	31,905
Environmental Services	10,343	7,246	7,665	3,700	0	28,954
Recreational Boating	2,350	6,276	3,660	0	0	12,286
Security	4,000	420	0	0	0	4,420
Subtotal - Maritime Committed CIP	\$ 99,067	\$ 133,661	\$ 107,190	\$ 58,289	\$ 2,890	\$ 401,097
Business Plan Prospective Projects	13,828	84,590	59,947	26,250	22,416	207,031
CIP Cashflow Adjustment Reserve ⁽¹⁾	(31,937)	(9,035)	24,581	16,391	0	0
Total Maritime CIP ⁽²⁾	\$ 80,958	\$ 209,216	\$ 191,718	\$ 100,930	\$ 25,306	\$ 608,128

CAPSUM.xlsx

Note:

- 1) Introduced in the 2020 Plan of Finance to reflect more achievable levels of capital spending.
- 2) Approximately \$50M of the Maritime CIP may need to be deferred.

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 second quarter of 2026.

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 first quarter of 2026.

Terminal 91 Uplands Development: This development will construct approximately 120,000 square feet of industrial building space to support maritime suppliers and manufacturers, with associated utility and site infrastructure improvements, over approximately six acres of the site. This project is anticipated to be completed by the third quarter of 2027.

Other Committed Capital Projects:

Terminal 91/Pier 66 Cruise Shore Power Extension: This project adds flexibility to shore power connection points on Pier 91 at Terminal 91 and at Pier 66 to increase the connection rate of shore power capable cruise ships and provide for 100% shore power connection of all home ported cruise ships by 2027 per Commission Order No. 2024-08. Additional connection points will be added on both

the east and west berths of Pier 91. At least one new connection point will be added on Pier 66 north of the existing connection location. Adding this capacity provides flexibility to accommodate ships of many different shore power configurations.

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

Terminal 91 Pier 90 and Pier 91 Dock Rehabilitation: Pile cap and deck panel refurbishment at Pier 90 and Pier 91 to avoid load restrictions which would cause significant disruptions to the Cruise and Fishing operations.

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:

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. 2026 technology projects include 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 relates to the replacement of equipment and assets that are at or beyond the end of their useful lives. In 2026, 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 2026-2030. The Central Services CIP is \$14.2 million for 2026 and \$60.6 million for 2026-2030.

TABLE IX-4: CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	2026	2027	2028	2029	2030	Total 2026-2030
Committed Projects						
ICT Business Services	\$ 8,897	\$ 3,250	\$ 3,033	\$ 3,250	\$ 3,250	\$ 21,680
General and Capital Development	1,639	1,639	1,514	1,659	1,559	8,010
Subtotal - Central Services Committed CIP	\$ 10,536	\$ 4,889	\$ 4,547	\$ 4,909	\$ 4,809	\$ 29,690
Business Plan Prospective Projects	10,056	7,150	4,601	4,455	4,680	30,942
CIP Cashflow Adjustment Reserve⁽¹⁾	(6,400)	0	2,133	2,133	2,134	0
Total Central Services CIP	\$ 14,192	\$ 12,039	\$ 11,281	\$ 11,497	\$ 11,623	\$ 60,632

CAPSUM.xlsx

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, including infrastructure retrofitting, fleet vehicle purchases, 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, terminal expansion at Husky, completion of the backlands and other improvements at Terminal 5, and shore power design at WUT, and PCT and shore power construction at Terminal 18. Maintenance investments include replacement of waterlines and pile cap repairs at Terminal 18, Wapato Creek culvert rehabilitation, maintenance dredging, berth dredging and toe wall work at Husky and WUT Terminals, and maintenance and rehabilitation of assigned assets.

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

The Port of Seattle's 50% funding total of Open-status NWSA CIP is forecast to be \$77.1 million for 2026 and \$227.9 million for 2026-2030. Further information on the NWSA CIP can be found in Section XII The Northwest Seaport Alliance (NWSA).

TABLE IX-5: NWSA CAPITAL IMPROVEMENT PLAN

The NWSA CIP will be presented to the Managing Members on October 24, 2025, and incorporated into the Port's final budget.

PUBLIC EXPENSE

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

Table IX-6 below shows Public Expense projects by division from 2026-2030, which includes \$4.9 million for 2026 and \$28.7 million for 2026-2030.

TABLE IX-6: PUBLIC EXPENSE PROJECTS

(\$ in 000's)		2026	2027	2028	2029	2030	Total 2026 - 2030
Division	Project Description						
Airport	Flight Corridor Safety Program	\$ 334	\$ 0	\$ 0	\$ 0	\$ 0	\$ 334
	Subtotal - Airport Public Expense Projects	\$ 334	\$ 0	\$ 0	\$ 0	\$ 0	\$ 334
Joint Venture	Gateway SR 509 Program	-	15,000	-	-	-	15,000
	Seattle Heavy Haul Network	3,300	2,000	2,000	2,000	2,000	11,300
	Safe and Swift	1,229	-	-	-	-	1,229
	Fast Corridor II	-	-	799	-	-	799
	Subtotal - Joint Venture Public Expense Projects	\$ 4,529	\$ 17,000	\$ 2,799	\$ 2,000	\$ 2,000	\$ 28,328
Total Port Public Expense Projects		\$ 4,863	\$ 17,000	\$ 2,799	\$ 2,000	\$ 2,000	\$ 28,662

The Port may also incur Public Expenses related to certain non-project expenditures, such as the Port's annual \$1.4 million 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 shows certain non-recurring capital projects and their corresponding impact on the operating budget.

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

Table IX-7 will be included in the Port's final budget.

The Port's 2026-2030 Capital Improvement Plan (CIP) project list will be included in the Port's final budget.

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X - PLAN OF FINANCE



2026-2030 DRAFT PLAN OF FINANCE

The Draft Plan of Finance will be included as part of the 2026 Final Budget.

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XI - 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 2026 Statutory Budget will be provided to the Port Commissioners and made available to the general public on October 21, 2025, as required by law (RCW 53.35.010 and RCW 53.35.045). Notices of the Public Hearing will be published on October 30 and November 6, 2025, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The notices include announcements: that copies of the preliminary budget are available for distribution to any interested persons on October 23, 2025; that the introduction of the preliminary 2026 Budget and public hearing will be held on November 11, 2025; and that the adoption of the 2026 Budget will be held on November 18, 2025. The final statutory budget will be filed with the King County Council on November 26, 2025, as allowed by RCW 53.35.045. The Port will also adopt a separate resolution for an increase in the tax levy as required by RCW 84.55.120.

B. STATUTORY BUDGET HIGHLIGHTS

1. Tax Levy

For 2026, the preliminary tax levy is \$90.2 million pending Commission approval. The following is a comparison of the tax levy details between 2025 and 2026:

TABLE XI-1: TAX LEVY BUDGET DETAIL

	Budget 2025		Budget 2026	
	Levy Rate	Levy Amount	Levy Rate	Levy Amount
For General Obligation Bonds	\$ 0.0531	\$45,544,159	\$ 0.0431	\$38,914,539
For General Purposes	0.0500	42,845,785	0.0567	51,265,516
Total	\$ 0.1031	\$ 88,389,944	\$ 0.0998	\$ 90,180,054 ⁽¹⁾

⁽¹⁾ 2026 Port levy is pending commission approval

2. Tax Levy Rate

The tax levy rate is a product of dividing the tax levy dollars by the assessed valuation of personal and real properties within the Port District. The exact levy rate is determined by the County Assessor after all taxing agencies have requested their levy dollars, and the assessed valuation dollars are certified. The 2025 preliminary assessed valuation as of October 2, 2025, is \$903,668,185,867 after omitted assessments, which are not included in the Port's levy calculation. The 2025 assessed valuation is used for 2025 tax collection. This is an increase from the final assessed valuation per the King County Annual Report for 2025 tax collection, which was \$873,376,861,846 after omitted assessment.

C. RESOLUTIONS

RESOLUTION NO. 3839

A RESOLUTION of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2026; 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 2026.

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 21st day of October, 2025, published the preliminary 2026 Budget of the Port of Seattle on the Port of Seattle website and, on the 23rd day of October, 2025, made hard copies available to the public; and on the 30th of October and 6th of November, 2025, published the Notices of the public hearing of the preliminary 2026 Budget to consider adoption of a final budget, with public hearing to be heard on the 11th day of November, 2025, when taxpayers might appear and present objections to the preliminary 2026 Budget; and

WHEREAS, a public hearing on the preliminary 2026 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 11th of November, 2025, at 12 p.m.; and

WHEREAS, all parties present at said hearing would be afforded a full opportunity to present objections to the preliminary 2026 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 2nd day of October, 2025, 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 2025 is \$903,668,185,867 (after omitted assessments); and

WHEREAS, the King County Assessor notified the Commissioners of the Port of Seattle on the 2nd day of October, 2025, that the preliminary maximum allowable levy is \$120,240,072, including \$413,783 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 2026 and has a General Obligation line of credit, for the payment of the principal and interest on such indebtedness in 2026 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 2026 Budget, as updated and amended at the November 11, 2025, Port Commission hearing, and as may have been further amended by the Port Commission on this 18th of November 2025, is hereby adopted as the final budget of the Port of Seattle for the Year 2026. 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.

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 \$90,180,054 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, 2026, 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 2026 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 18th day of November 2025 and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

Port Commission

RESOLUTION NO. 3840

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 \$88,389,944 to \$90,180,054

WHEREAS, the Port of Seattle in the Commission has met and considered its budget for the calendar year 2026; 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 \$90,180,054, which represents the levy rate of approximately \$ 0.0998 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 \$90,180,054, an increase of \$1,790,110 (an estimated 2.0 percent increase from 2025). Excluding the new construction and refund amount, the increase is \$295,223 (an estimated 0.3 percent from 2025) for tax filing purposes.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed meeting held this 18th day of November, 2025, 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
Preliminary Worksheet 10.02.2025

TAXING DISTRICT	Port of Seattle	2025 Levy for 2026 Taxes	IPD: 1.02440
A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).			
Year	2025	117,558,008	x
		Highest Lawful Levy Since 1985	Limit Factor/Max Increase 101%
			1.01000
			=
			118,733,588
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).			
	10,603,231,586	*	0.10196
	A.V.		Last Year's Levy Rate
		÷	1,000
			=
			1,081,105
C. Tax Increment finance area increment AV increase (RCW 84.55.010(1)(c)) (value included in B & D cannot be included in C)			
	113,726,680	*	0.10196
	A.V.		Last Year's Levy Rate
		÷	1,000
			=
			11,596
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	-	8,288,674,585
	Current Year's A.V.		Previous Year's A.V.
		=	0
	0	*	0.10196
	Remainder from Line D		Last Year's Levy Rate
		÷	1,000
			=
			0
E. 1st Year Lid Lift & Limit Factor>1%			
F. Regular property tax limit:		A+B+C+D+E = 119,826,289	
Parts G through I are used in calculating the additional levy limit due to annexation.			
G. To find the rate to be used in H, take the levy limit as shown in Line F above and divide it by the current assessed value of the district, excluding the annexed area.			
	119,826,289	÷	903,668,185,867
	Total in Line F		Assessed Value Less Annexed AV
		*	1,000
			=
			0.13259
H. Annexed area's current assessed value including new construction and improvements, times the rate in Line G.			
	0	*	0.13259
	Annexed Area's A.V.		Annexation Rate
		÷	1,000
			=
			0
I. Regular property tax limit including annexation		F+H = 119,826,289	
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
	District base levy rate		Firefighter Pension Fund
		-	Library Rate
		+	0.45000
			=
			0.45000
	903,668,185,867	*	0.45000
	Regular Levy AV		Reg Statutory Rate Limit
		÷	1,000
			=
			406,650,684
			Statutory Amount
K. Highest Lawful Levy For This Tax Year (Lesser of I and J)		= 119,826,289	
L. New highest lawful levy since 1985 (Lesser of I minus C and J, unless A (before limit factor increase) is greater, then A)		119,814,694	
M. Lesser of J and K		119,826,289	
N. Refunds		413,783	
O. Total: M+N (unless stat max)		120,240,072	
P. Levy Corrections		Year of Error: _____ Did the district cause the error?	
1. Minus amount over levied (if applicable)		0	
2. Plus amount under levied (if applicable)		0	
Q. Total Allowable Levy		120,240,072	
R. Tax Base For Regular Levy		903,668,185,867	
1. Total district taxable value (including state-assessed property, and excluding boats, timber assessed value, and the senior citizen exemption for the regular levy)		903,668,185,867	
S. Tax Base for Excess, Voted Bond Levies and Sr Exempt Lid Lifts		896,040,806,782	
2. Excess AV		896,040,806,782	
3. Plus Timber Assessed Value (TAV)		0	
4. Tax base for excess and voted bond levies		(2+3) 896,040,806,782	
T. Increase Information		0.13305	
1. Levy rate based on allowable levy		88,387,593	
2. Last year's ACTUAL regular levy		30,345,995	
3. Dollar Increase over last year other than New Construction (-) Annexation		34.33287%	
4. Percent Increase over last year other than New Construction (-) Annexation			

E. FORECASTED CASH FLOW SUMMARY

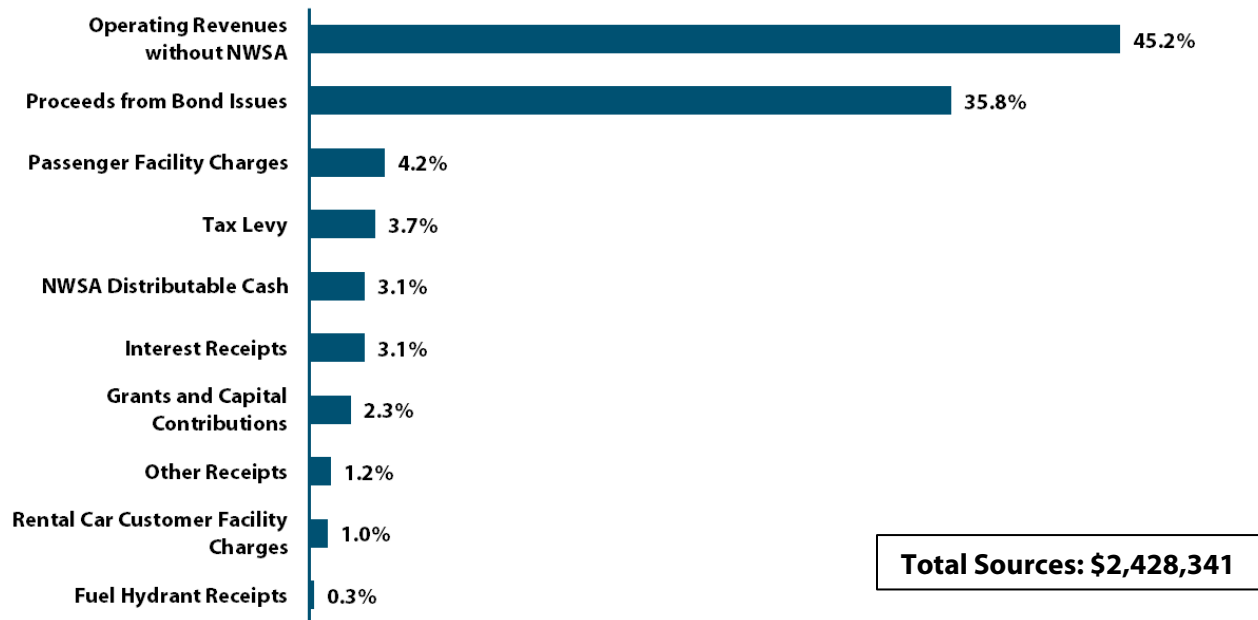
TABLE XI-3: FORECASTED CASH FLOW SUMMARY

(\$ in 000's)	2026	Percent of Total
Beginning balance of cash & investments	\$ 2,475,055	
<u>SOURCES OF CASH</u>		
Operating Revenues without NWSA	1,098,210	45.2%
NWSA Distributable Cash	75,539	3.1%
Interest Receipts	74,857	3.1%
Proceeds from Bond Issues	869,000	35.8%
Grants and Capital Contributions	56,908	2.3%
Tax Levy	90,180	3.7%
Passenger Facility Charges	102,054	4.2%
Rental Car Customer Facility Charges	25,327	1.0%
Fuel Hydrant Receipts	6,986	0.3%
Other Receipts	29,280	1.2%
Total	2,428,341	100%
Anticipated available funds	4,903,395	
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	730,041	32.0%
Debt Service:		
Interest Payments	254,739	11.2%
Bond Redemptions	242,340	10.6%
Total Debt Service	497,079	21.8%
Other Expenses	36,439	1.6%
Public Expense	6,263	0.3%
Payment to NWSA for Capital Expenditures	77,091	3.4%
Capital Expenditures	932,933	40.9%
Total	2,279,846	100%
Ending balance of cash & investments	2,623,549	
Increase (decrease) of cash during year	148,494,154	

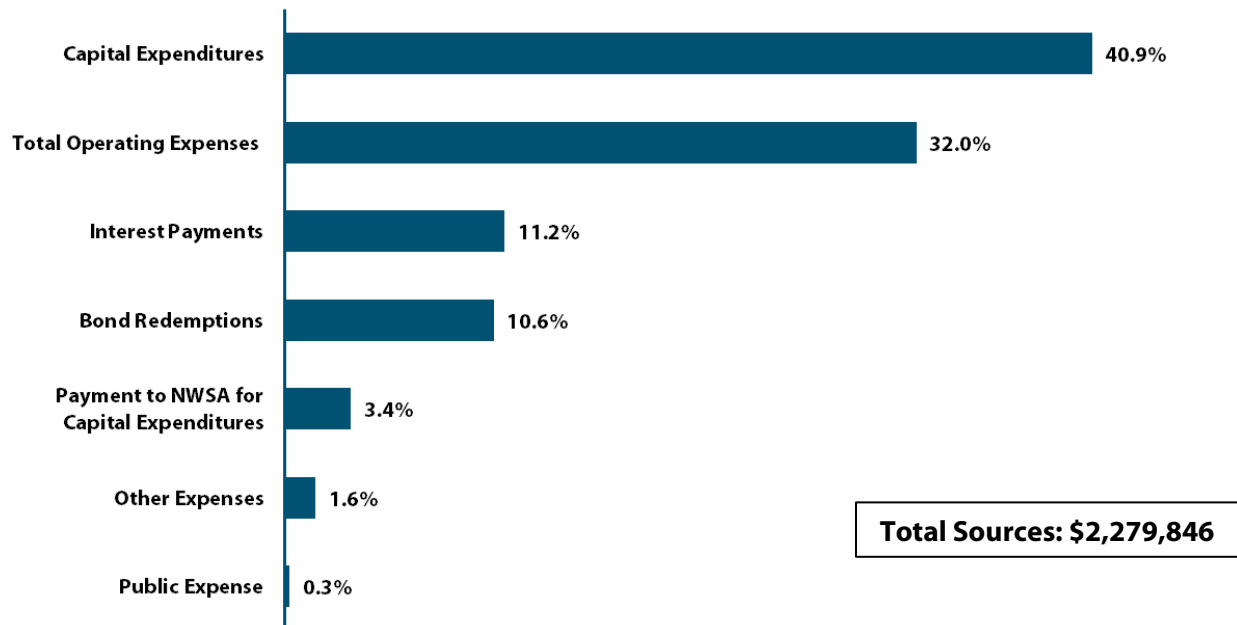
CASHFLW.xlsx

FIGURE XI-1: SOURCES OF CASH

(\$ in 000's)

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

(\$ in 000's)



XII - NWSA

NORTHWEST SEAPORT ALLIANCE (NWSA)

Port Interest in NWSA (Joint Venture)

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

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

TABLE XII-1: 2026 OPERATING BUDGET SUMMARY

(\$ in 000's)	2023	2024	2025	2026	% Change
Notes	Actual	Actual	Budget	Proposed Budget	2025 Bud - 2026 Bud
Revenue					
NWSA Distributable Revenue	\$ 57,685	\$ 62,399	\$ 58,333	\$ 58,401	0.1%
Contra Joint Venture Revenue	(1,865)	(1,906)	(2,112)	(2,154)	2.0%
Subtotal	55,820	60,493	56,221	56,247	0.0%
Other Service Revenue Tenant Reimbursements	1,817	914	699	725	3.6%
Total Revenues	57,636	61,406	56,920	56,972	0.1%
Expense					
Maintenance Expenses	680	622	521	492	-5.5%
JV Direct	1,559	(547)	139	145	4.5%
Security	202	212	239	422	76.8%
Environmental & Sustainability	566	1,082	355	608	71.1%
Cost Recovery	249	206	313	729	133.3%
Seaport Project Management	44	74	45	2,585	5631.7%
Central Services / Other	168	704	151	171	13.6%
Total Operating Expenses w/o Pension Credit	3,466	2,354	1,763	5,154	192.3%
DRS Pension Credit	(283)	(241)	-	-	
Total Operating Expenses with Pension Credit	3,183	2,113	1,763	5,154	192.3%
NOI Before Depreciation	54,453	59,293	55,157	51,818	-6.1%
Legacy Depreciation for NWSA Facilities	14,683	14,462	14,211	11,290	-20.6%
NOI After Depreciation	39,770	44,831	40,946	40,528	-1.0%

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

The Northwest Seaport Alliance 2026 Budget



Operating Budget and Capital Investment Plan
adopted: November 4 2025



In June 2025, *Inbound Logistics* magazine named The Northwest Seaport Alliance in its annual list of “Green 75” supply chain partners. This is the ninth 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 2025, The Northwest Seaport Alliance was selected as the leading West Coast port in the 42nd Annual Quest for Quality Awards by Logistics Management. The NWSA received the highest overall rating among West Coast ports for the third year in a row with top scores in the Equipment and Operations, Intermodal Network, and Value categories.



To: Managing Members
Date: November 4, 2025
Subject: The Northwest Seaport Alliance Operating Budget and Five-Year Capital Investment Plan

Staff is pleased to present the 2026 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 2025, policy uncertainty created a unique environment for the supply chain to operate. Cargo volumes and trends deviated from standard norms due to tariff uncertainty impacting shippers' importing timing and decisions. To support supply chain transparency and efficiency, the NWSA provided weekly cargo metrics to shippers and the public.

The NWSA is committed to best-in-class infrastructure investment and customer service that drives competitive opportunities and economic growth across the region. During the year, NWSA welcomed new shipping lines and distribution centers to the gateway, bringing key products to the Pacific Northwest and inland U.S. markets. The NWSA is an environmental leader in reducing maritime-related air emissions across the Puget Sound. Gateway operations create significant economic activity while maintaining a focus on environmental stewardship. We are installing shore power on our terminals, launching a zero-emissions truck pilot program with charging infrastructure across the gateway, and utilizing state-of-the-art stormwater systems at our facilities.

Together, NWSA and our customers' business activities generate more than 18,000 direct jobs and nearly \$14 billion in total business output throughout the state of Washington based on the most recent study released in 2025 from 2023 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 and commitment to environmental leadership will continue to 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, fourteen international and four domestic container carriers make regular port calls at NWSA facilities.
- Dual service from the two West Coast transcontinental railroads (UP, BNSF) with competitive transit times to Chicago and other major Midwest markets.
- Excellent on-dock rail facilities and inland rail service. Two domestic rail operators.
- Close proximity to the second largest concentration of warehousing on the West Coast.
- Over 100 transload warehouses supplying logistics services to shippers

using the gateway, many rail-served.

International & Domestic Trade

The NWSA ranked in the top 100 among the world's top container gateways and was a leading gateway for containerized cargo in North America in 2024. 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 vessel trade totaled \$75.9 billion in 2024. Imports were \$61.8 billion, and exports were \$14.1 billion. Through July 2025, the two ports handled roughly \$40.6 billion of international vessel trade. Based on vessel dollar value, China (including Hong Kong) was the NWSA's largest trading partner in 2024. Other major international trading partners include:

- Japan
- South Korea
- Vietnam
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Australia
- 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 2024, 2.9 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 2025, 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 based on 2023, in 2023 marine cargo activities directly supported 18,000 jobs in Washington state and contributed \$14 billion in total business output. 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.

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
- Director, Planning and Permitting

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 harbors 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



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

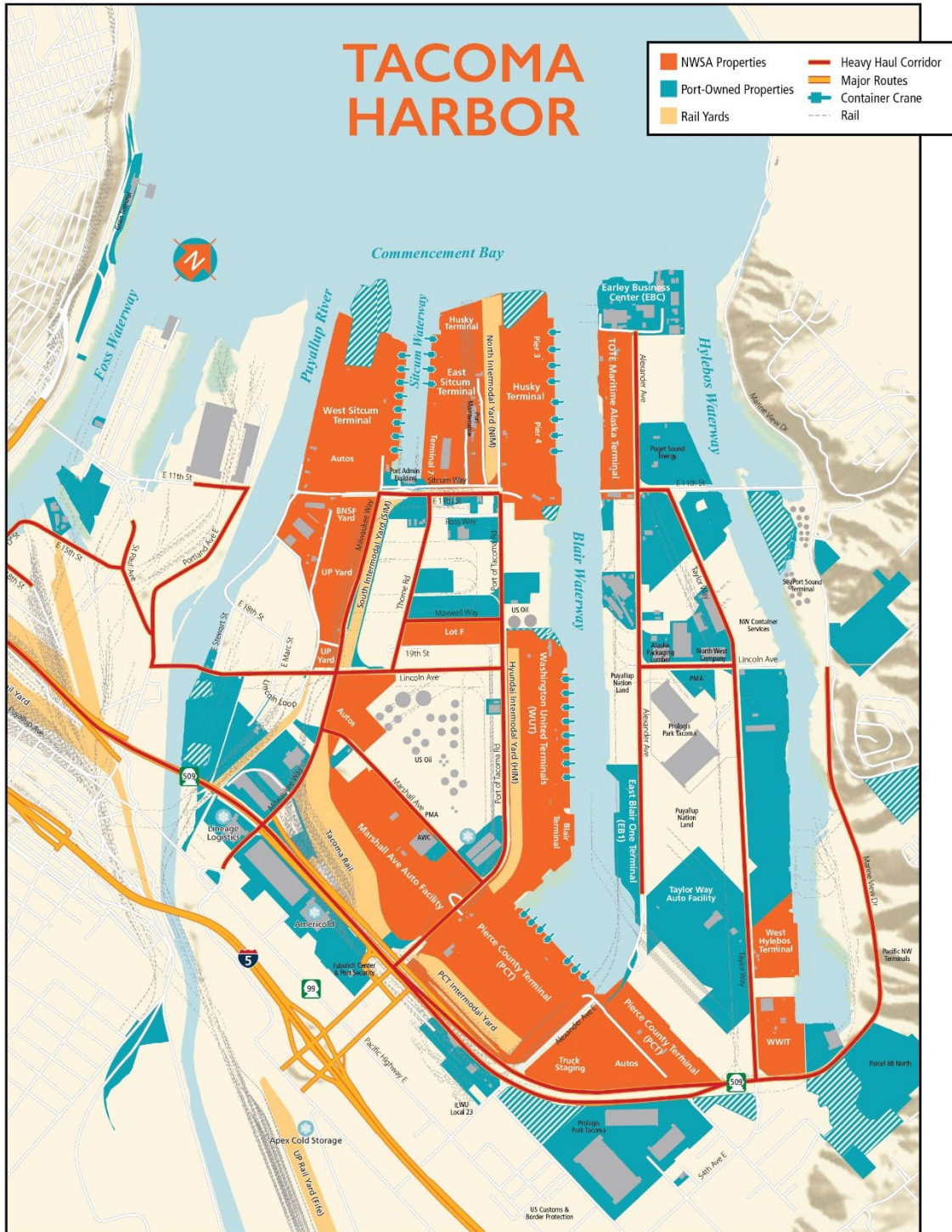
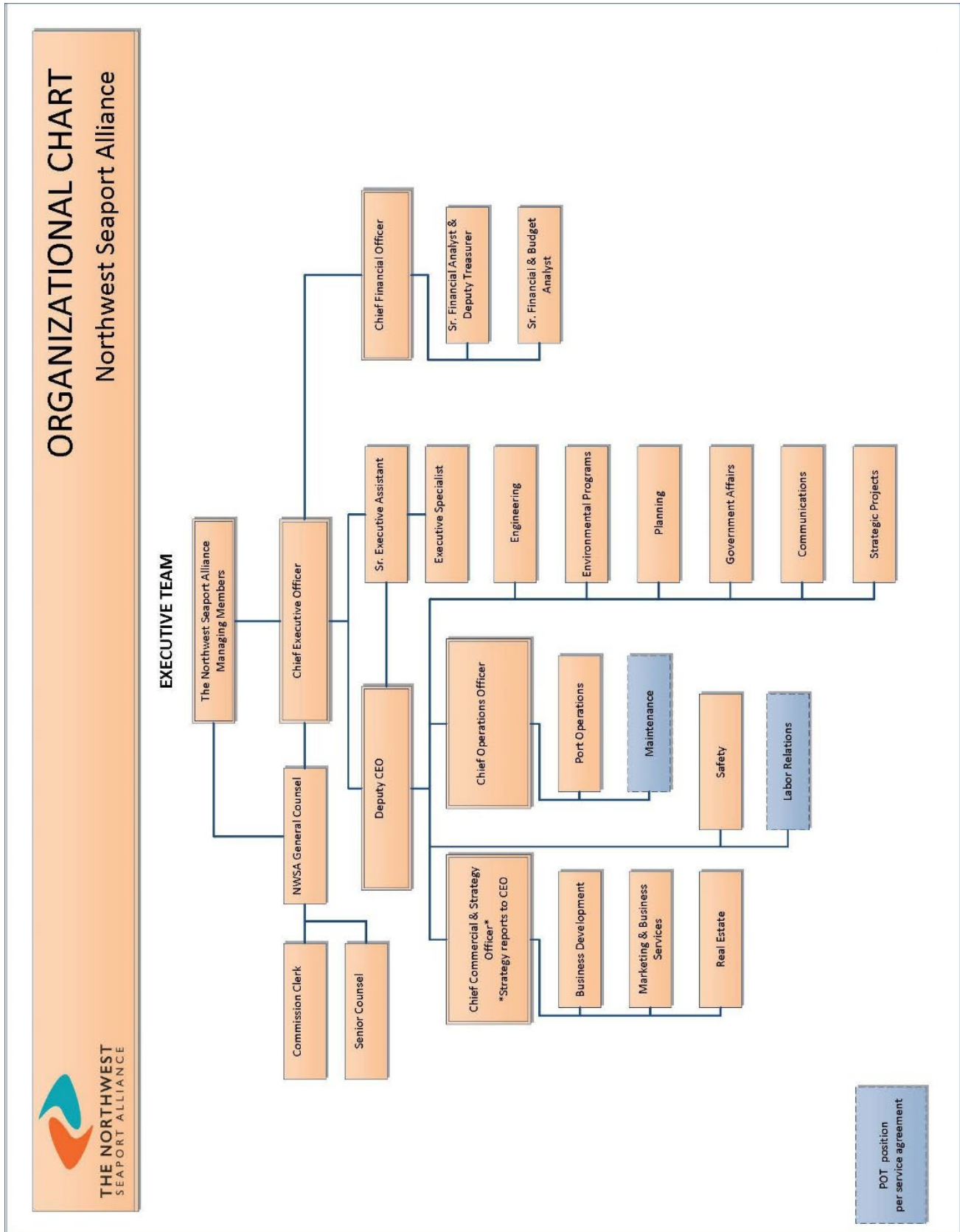


Figure I-3: The Northwest Seaport Alliance Organizational Chart



II. Budget Message

NWSA Mission

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

NWSA Vision

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

NWSA Values

1. **Service Excellence and Partnership**
We value partnership and prioritize service excellence to deliver best-in-class service.
2. **Boldness, Innovation and Adaptability**
We act with boldness and innovation, challenging ourselves to be adaptable and cultivate solutions that meet the demands of the dynamic marketplace.
3. **Environmental Leadership**
We are responsible stewards of our shared natural environment, prioritizing facilities and operations that support the health of our air, water, and land resources.
4. **Fiscal Responsibility**
We conduct all business and decision-making with integrity and transparency, providing long term financial stewardship to achieve our environmental and economic development objectives.
5. **Asset Management**
As responsible stewards, we manage and develop facilities to protect public assets and create economic opportunities across our region.
6. **Health & Safety**
We commit to the health and safety of our team, taking accountability for our actions

and treating people with honesty and respect.

NWSA Goal

The NWSA has four objectives in place to achieve the goal to retain and grow cargo throughput, expand cargo diversity and enrich the supply chain ecosystem by providing best-in-class service and trade development, facilities, environmental stewardship, and organizational performance. Each objective has strategies as listed below with key initiatives for each strategy.

Best-In-Class Service and Trade Development

- Maintain and attract new container cargo business to the gateway.
- Expand the gateway's non-container cargo portfolio.
- Enrich supply chain ecosystem to attract and anchor cargo volume.
- Strengthen stakeholder partnerships and deliver exceptional customer service.
- Create operational value proposition that sets NWSA apart from alternative gateways.
- Improve leases and agreements to support cargo growth.
- Launch a comprehensive statewide international trade development strategy that drives sustainable growth of ocean cargo through our gateway.

Best-In-Class Facilities

- Develop and maintain world-class cargo infrastructure and equipment.
- Advance and advocate for infrastructure development across Puget Sound that supports efficient cargo movement.
- Identify the best use of licensed properties supporting cargo growth and the supply chain.

Best-In-Class Environmental Stewardship

Accomplish the goals set forth in the Northwest Port's Clean Air Strategy 5-year implementation plan.
 Ensure stormwater compliance and provide superior technical resources for both internal and external stakeholders
 Ensure seaport infrastructure is resilient to natural hazards and buildings are energy efficient.

Best-In-Class Organizational Performance

Provide financial recommendations and analysis that influence contractual and operational decisions.
 Maintain and increase outside funding to support gateway and supply chain operations.
 Increase general awareness of NWSA operations and sustainability efforts.
 Improve organizational culture and internal operations.

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.

2026 Budget

The NWSA has developed an overall operating budget with projected revenue of \$266.3 million. Operating income is budgeted to be \$76.9 million, resulting in an operating margin of 28.9 percent. The NWSA net distributable revenue of \$116.8 million, which includes grant and interest. Distributable Cash of \$150.9 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 any Harbor Maintenance Tax provided to the two homeports directly by the Federal

government.

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 2026 - 2030 capital projects include:

Seattle Harbor

- Completion of improvements at Terminal 5
- Construction of Terminal 18 shore power and wharf rehabilitation
- Design and construction of North & South water main and valve at T18
- Rehabilitate the wharf at T30

Tacoma Harbor

- Expand Husky terminal
- Construct the Husky and WUT toe wall and deepen the berth
- Rebuild of Wapato Creek culvert
- Modernize terminal 7D
- Replace wooden light poles at several terminals
- Design of shore power systems at PCT and WUT
- Upgrade bollard at PCT and WUT
- Construct of reefer racks and plugs at PCT
- Ongoing maintenance of facilities

Both Harbors

- Clean air and stormwater investments
- Asset preservation projects such

- as paving and fender repairs
- Maintenance dredging at multiple terminals in both harbors

The NWSA's 2026 Capital Investment Plan of \$174.1 million represents the first year of the NWSA's

2026 - 2030 CIP – a package totaling \$509.1 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, the most notable of which is the Puget Sound Gateway program which would complete state routes 167 and 509—critical last mile connectors for goods transiting to and from 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*. The Legislature appropriated an additional \$155 million for the Puget Sound Gateway program in 2025. This should allow the state to complete procurement on the

very final stage of the entire program in early 2026.

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. The NWSA has applied for a 2025 PIDP grant to support T-18 paving repair and a weigh in motion gate system enhancement. The total grant being applied for is \$19.3 million.

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 been installed at TOTE Terminal, Husky Terminal and Terminal 5. The NWSA has also begun construction shorepower at two berths at T-18, and design of shorepower is underway at Washington United Terminals, Pierce County Terminal, and East Blair One 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 for two berths 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. Draft Senate FY26 appropriation legislation includes an additional \$8 million in congressionally directed spending that would enable the NWSA to install shore power at a third berth at Terminal 18.

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 10-15 years ago. While channels serving Seattle and Tacoma are mostly -51 feet or deeper, depth limitations 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. Design is well underway, and USACE is seeking a congressional appropriation that will allow them to complete design for the West Waterway portion of the project.

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. 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.

The Corps of Engineers FY25 work plan did not include the roughly \$55 million we were expecting in HMT donor port funding. The work plan did include Section 2106 donor port funds of roughly \$3 million for each home port, but the larger donor and energy transfer port funding program was eliminated by top Executive Branch officials. While the FY25 appropriations bill originally included congressional guidance to fund the program, when Congress passed a continuing resolution in March, the guidance requiring the distribution of the HMT funds was removed from the bill.

In the months since the work plan was issued, NWSA and other donor ports have been collaborating with AAPA and working to encourage energy transfer ports to get more engaged in advocacy. We are optimistic that FY26 appropriations bill language as currently drafted will make full funding of the donor and energy transfer port program legally binding for the next fiscal year. However, this is subject to Congress passing a full-year appropriations bill as opposed to a continuing resolution.

Donor port funding secured in future years 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 and federal and state administrations 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.



Shorepower connection.

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 3.3% in the second quarter of 2025 and decreased 0.5% in the first quarter of 2025. BEA said, *"The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending. These movements were partly offset by decreases in investment and exports."*

TTX, a railcar and freight management company, reports GDP as up 3.3% in the second quarter and down 0.5% in the first quarter. TTX said, *"The GDP expansion was driven by the economy's more volatile components like a decline in imports (additive to GDP) offsetting a decline in inventories as the economy navigated trade policy complexities."*

According to TTX, real disposable income growth is slowing and behind inflation rates, which weakens the purchasing power of consumers. Consumer spending accounts for roughly 68% of the U.S. economy. In the second quarter of the year, the unemployment rate was 4.2%, and TTX cites a decline in the labor force participation rate. The company also noted that immigration policies may increase the declining trend in the available labor pool, which has the potential to impact economic growth.

TTX expects a modest increase in inflation in 2025, with a projected rise in the PCE (Personal Consumption Expenditures) Price Index of 2.8% this year. Inflation moderated in the second quarter, but the inflation rate increased in May and June due to initial cost pressures from tariffs. There is a consensus that higher costs due to tariffs will show in a few more months because products being sold today were pre-tariff imports.

The Bureau of Labor Statistics puts the U.S. unemployment rate at 4.3% in August, with 22,000 jobs added for the month. Job gains in health care were offset by job losses in the federal government and in mining, quarrying, and oil and gas extraction.

According to the National Association of Realtors (NAR), existing home sales decreased 0.4% in July 2025 versus the prior month and rose 0.7% year-over-year. Lawrence Yun, NAR's chief economist, said, *"Even with modest improvements in mortgage rates, housing affordability, and inventory, buyers still remain hesitant. Buying a home is often the most expensive purchase people will make in their lives. This means that going under contract is not a decision home buyers make quickly. Instead, people take their time to ensure the timing and home are right for them."*

The Conference Board reported August 2025 Consumer Confidence Index at 97.4, down from 98.7 in July. The Conference Board's Senior Economist Stephanie Guichard said, *"Consumer confidence dipped slightly in August but remained at a level similar to those of the past three months. The present situation and the expectation components both weakened. Notably, consumers' appraisal of current job availability declined for the eighth consecutive month, but stronger views of current business conditions mitigated the retreat in the Present Situation Index. Meanwhile, pessimism about future job availability inched up and optimism about future income faded slightly. However, these were partly offset by stronger expectations for future business conditions."*

Shipping Industry

The threat of U.S. tariffs caused shippers to frontload cargo earlier in the year. Tariff uncertainty is making it difficult for long-term source trade planning. Mid-May through September 2024 the gateway received cargo diversion from Canada because of rail labor

unrest. Coupled with an expected market downturn, volumes are expected to cool in the second half of the year.

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. Export volumes have not recovered to their pre-pandemic levels.

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, the alliances shifted:

- Gemini Cooperation – Maersk and Hapag-Lloyd
- Premier Alliance – Yang Ming, ONE, and HMM
- Ocean Alliance – CMA CGM, COSCO Shipping, Evergreen, OOCL

- Major Independent Carriers – MSC, Swire (Westwood), ESL/UWL, and SM Line.

Northwest Seaport Alliance Activity

Containers:

Through July 2025, the NWSA has handled 1.9 million TEUs (twenty-foot equivalent units), a 3.5% increase year-to-date. There has been ongoing market volatility due to tariffs.

NWSA container volume is projected to decrease slightly in 2025. Mid-May through September 2024 the gateway received cargo diversion from Canada because of rail labor unrest. Coupled with an expected market downturn, volumes are expected to cool in the second half of the year. Volumes are expected to recover in 2026. The expected market decline next year will be offset by ESL/UWL’s planned transition of their biweekly Sun Chief service to weekly, as well as expected vessel upsizing. 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 that are 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 307 metric tons in 2025, followed by a decline in 2026 when the market is expected to decline 10% due to high interest rates, tariffs, and inflation. Once trade conditions normalize, we could see a recovery phase.

Autos:

NWSA/POT auto units for 2025 are forecasted

to reach 279K units. 2026 volumes are expected to reach 250K units. High interest rates and tariffs have had a negative impact on this sector due to increased costs and monthly payments.

Logs:

The Log business was suspended due to tariffs and has not been included in the forecast or budget.

Molasses & Petroleum:

Petroleum volumes are forecasted to be 932K metric tons in 2025 with conservative growth in subsequent years. Molasses volumes are forecasted to be 29K metric tons in 2025 with growth thereafter. The rise in protein-rich products has brought a demand for premium feed ingredients.

Table III-1: Cargo Activity Five-Year Forecast

THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST													
	Forecast												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Non-Container Forecast (Thousands of Metric Tons)													
Breakbulk	246	292	366	478	453	403	307	262	266	270	274	279	
Autos	306	245	262	288	567	578	445	375	382	390	397	405	
Logs	76	0	0	0	0	0	0	0	0	0	0	0	
Petroleum	636	677	524	709	785	880	932	941	950	960	970	979	
Molasses	47	42	33	32	39	15	29	34	36	37	38	39	
Total Tonnage	1,311	1,256	1,186	1,507	1,844	1,876	1,712	1,611	1,634	1,657	1,680	1,703	
Year over Year change	0.4%	-4.2%	-5.6%	27.1%	22.4%	1.7%	-8.8%	-5.9%	1.4%	1.4%	1.4%	1.4%	
Container Forecast (Thousands of TEUs)													
International	3,058	2,636	2,992	2,650	2,237	2,610	2,485	2,513	2,595	2,680	2,766	2,854	
Domestic	717	685	744	734	738	730	742	750	757	765	773	780	
Total TEUs	3,775	3,320	3,736	3,384	2,974	3,341	3,228	3,262	3,352	3,445	3,538	3,634	
Year over Year change	-0.6%	-12.1%	12.5%	-9.4%	-12.1%	12.3%	-3.4%	1.1%	2.8%	2.8%	2.7%	2.7%	
Intermodal Yard Lifts*													
Hyundai Intermodal Yard	124,778	85,401	125,228	101,828	140,865	147,935	129,118	127,000	129,540	132,131	134,773	137,469	
North Intermodal Yard	178,205	147,269	159,023	91,583	110,369	159,154	164,236	164,000	167,280	170,626	174,038	177,519	
South Intermodal Yard	86,271	89,529	102,168	121,561	120,885	111,657	116,094	121,200	123,624	126,096	128,618	131,191	
Pierce County Intermodal Yard	71,310	45,684	27,856	33,926	40,056	48,491	33,242	26,000	26,520	27,050	27,591	28,143	
Total Intermodal Lifts	460,564	367,883	414,275	348,898	412,175	467,237	442,690	438,200	446,964	455,903	465,021	474,322	
Year over Year change	1.7%	-20.1%	12.6%	-15.8%	18.1%	13.4%	-5.3%	-1.0%	2.0%	2.0%	2.0%	2.0%	
Log Board Feet	15,192,000	0	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%	0%	
Vehicle Units (NWSA+POT)	191,822	156,205	162,484	172,979	338,917	337,749	278,837	249,680	254,674	259,767	264,962	270,262	
Year over Year change	31.3%	-18.6%	4.0%	6.5%	95.9%	-0.3%	-17.4%	-10.5%	2.0%	2.0%	2.0%	2.0%	
Intermodal Lifts Reported for South Harbor only													

* Intermodal Lifts Reported for South Harbor only



Rail Operations at the North Intermodal Yard in Tacoma.

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*

<i>(\$ millions)</i>	2024 Actual	2025 Budget	2025 Forecast	2026 Budget
Operating Revenues				
Container	214.7	213.0	296.9	219.0
Non Container	38.5	36.8	31.8	28.0
Real Estate	18.5	18.7	19.0	19.2
Other	0.0	0.0	0.0	0.0
Total Operating Revenues	271.7	268.5	347.7	266.3
Direct and Maintenance Expenses				
Container	53.0	49.1	49.8	57.4
Non Container	26.0	25.2	22.3	22.8
Real Estate	1.2	1.7	1.8	1.3
Other	17.3	31.9	22.8	32.8
Total Direct & Maintenance Expenses	97.5	108.0	96.7	114.3
Administration	22.3	26.1	23.0	26.8
Security	4.1	5.4	5.2	7.3
Environmental	2.4	4.1	3.5	6.7
Total Operating Expense before Depreciation	126.3	143.5	128.8	155.1
<i>Operating Income before depreciation</i>	<i>145.4</i>	<i>125.0</i>	<i>218.9</i>	<i>111.2</i>
Depreciation & Amortization	24.7	28.9	26.6	34.3
Total Operating Expense	151.0	172.4	155.5	189.4
Income from Operations	\$120.8	\$96.1	\$192.3	\$76.9
<i>Return on Revenue</i>	<i>44.4%</i>	<i>35.8%</i>	<i>55.3%</i>	<i>28.9%</i>
Non Operating Income (Expense)	4.0	20.6	15.2	39.9
Distributable Income before Special Item	124.8	116.7	207.4	116.8
Special Item				
Distributable Income	\$124.8	\$116.7	\$207.4	\$116.8
Distributable Cash	\$149.4	\$145.6	\$234.1	\$151.1

* Amounts may not foot due to rounding.

Table IV-2: Operating Revenue and Expense Detail*

(\$ millions)	2024 Actual	2025 Budget	2025 Forecast	2026 Budget
Property Rental	\$68.0	\$69.5	\$70.8	\$69.5
Sale of Utilities	2.8	3.2	3.5	4.0
Services Marine Terminals	170.6	172.0	170.6	166.1
Equipment Rentals	23.6	19.4	18.9	19.5
Other Revenue	6.8	4.4	83.9	7.2
Operating Revenue	271.7	268.5	347.7	266.3
Home Port Services Provided	24.1	27.7	25.9	29.7
Port Salaries & Benefits	11.0	14.3	13.5	14.8
Outside Services	5.5	7.2	4.2	7.0
Longshore Labor & Fringe	16.3	15.0	13.7	14.3
Direct Expenses	36.0	35.1	32.3	40.4
Marketing & Global Outreach	0.7	0.8	0.8	0.9
Travel & Hosting	0.6	1.2	1.1	1.4
Maintenance	22.3	32.8	27.8	32.8
Office Equipment & Supplies	0.3	0.3	0.3	0.3
Utilities	6.6	6.9	6.4	8.4
Other Employee Exp	0.2	0.2	0.2	0.3
Other Expenses	0.9	-0.1	0.9	-0.1
Environmental	1.8	2.1	1.7	5.0
Total Operating Expenses before Dep.	126.3	143.5	128.8	155.1
<i>Operating Income before Depr.</i>	<i>145.4</i>	<i>125.0</i>	<i>218.9</i>	<i>111.2</i>
Depreciation & Amortization	24.7	28.9	26.6	34.3
Total Operating Expenses	\$151.0	\$172.4	\$155.5	\$189.4
Operating Income	\$120.8	\$96.1	\$192.3	\$76.9
<i>Return on Revenue</i>	<i>44.4%</i>	<i>35.8%</i>	<i>55.3%</i>	<i>28.9%</i>
Non Operating Revenue and Expenses	4.0	20.6	15.2	39.9
Net Assets Before Special Items	124.8	116.7	207.4	116.8
Increase in Net Assets	\$124.8	\$116.7	\$207.4	\$116.8
Distributable Cash (calculated)	\$149.4	\$145.6	\$234.1	\$151.1

* Amounts may not foot due to rounding.

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

	2024 Actual	2025 Forecast	2026 Budget	Change from Prior Year Forecast
(\$ Millions)				
Operating Revenue	\$271.7	\$347.7	\$266.3	-23.4%
Total Operating Expenses before Dep.	(126.3)	(128.8)	(155.1)	20.4%
Depreciation & Amortization	(24.7)	(26.6)	(34.3)	28.6%
Operating Income	120.8	192.3	76.9	-60.0%
Non Operating Revenues (Expenses)				
Interest Income	4.0	4.5	3.6	-20.2%
Premium Discount	(0.1)	(0.1)	(0.1)	-52.4%
Market Value Adjustments	0.5	0.2	0.0	-100.0%
Grant Income	4.9	11.8	35.4	201.5%
Other Non Operating Revenue (Expense)	(5.3)	(1.1)	0.9	-184.6%
Total Non Operating Income (Expense)	4.0	15.2	39.9	162.9%
Distributable Cash				
Net Distributable Revenue (Net Income)	124.8	207.4	116.8	-43.7%
Add Depreciation and Amortization	24.7	26.6	34.3	28.6%
Distributable Cash*	149.4	234.1	151.1	-35.5%
Net Position				
Net Position beginning of year	628.6	660.2	689.9	4.5%
Add Contributions and Expected Capital Construction	51.7	56.4	154.2	173.4%
Add Net Distributable Revenue (Net Income)	124.8	207.4	116.8	-43.7%
Less Cash Distributions	(145.0)	(234.1)	(151.1)	-35.5%
Net Position end of year	\$660.2	\$689.9	\$809.8	17.4%

* 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)	2024 Actual	2025 Budget	2025 Forecast	2026 Budget
Port of Tacoma to NWSA	\$32.2	\$35.7	\$33.7	\$37.4
Port of Seattle to NWSA	\$12.6	\$12.8	\$12.8	\$12.5
NWSA to Port of Tacoma	\$0.7	\$0.9	\$0.9	\$0.7

Table IV-5: Five-year Statement of Revenue, Expenses and Change in Assets*

(\$ millions)	2026	2027	2028	2029	2030
Operating Revenue	\$266.3	\$276.4	\$281.2	\$292.0	\$301.2
Total Operating Expenses before Dep.	(155.1)	(152.6)	(151.0)	(152.9)	(153.3)
Depreciation & Amortization	(34.3)	(41.3)	(47.5)	(51.2)	(57.3)
Operating Income	76.9	82.5	82.6	87.9	90.6
Grant Income	35.4	27.2	18.9	14.3	0.8
Other Non Operating Income	4.5	2.0	3.5	3.5	3.5
Net Distributable Revenue	116.8	111.7	105.0	105.7	94.9
Distributable Cash (calculated)	\$151.1	\$153.0	\$152.5	\$156.9	\$152.2

* Amounts may not foot due to rounding.



Container Ship at T5 in Seattle.

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 2025, the NWSA worked on the following capital projects:

- T5 Phase two berth modernization construction
- Maintenance dredging at several terminals
- Replace sewer line at W. Sitcum Terminal
- Design plans for the toe wall and berth deepening at Husky and WUT terminals
- Installed shore power at Husky Terminal

The 2026 - 2030 Capital Investment Plan focuses on the following strategic and maintenance projects:

Strategic investments:

- Modernization at Terminal 7D in Tacoma
- Completion of the backlands and other improvements at Terminal 5
- Terminal expansion at Husky
- Construction of shore power system at T18, and design of shore power at WUT and PCT
- Construction of toe wall and dredging at Husky terminal and WUT
- Construction of reefer racks and plugs at Pierce County Terminal

Maintenance investments:

- Wharf rehabilitation at T18
- Design and construction of North & South water main and valve at T18

- Rehabilitate Wapato creek culvert
- Maintenance dredging at several container terminals of both harbors

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)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Historical Capital	90.6	58.8	53.6	56.3						
Planned Capital					58.3	154.2	149.1	113.3	36.7	2.5
Grand Total	\$ 90.6	\$ 58.8	\$ 53.6	\$ 56.3	\$ 58.3	\$ 154.2	\$ 149.1	\$ 113.3	\$ 36.7	\$ 2.5

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

\$509.1 million worth of planned projects (capitalized and expensed) in the next five years, with \$174.1 million of that total earmarked for 2026.

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 144 projects, 77 of which are capitalized and 67 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, Terminal 18 shore power, water main and valve replacement and wharf rehab, and construction to replace aging assets of the Wapato creek culvert.

Funding

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

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

(\$ Millions)

	2026	2027	2028	2029	2030	Total
Infrastructure	\$5.9	\$4.6	\$3.5	\$3.1	\$2.0	\$19.2
Renewal	118.6	120.0	107.7	38.7	5.4	390.3
Revenue	49.6	40.7	8.9	0.2	0.2	99.6
Grand Total	\$174.1	\$165.3	\$120.1	\$42.0	\$7.6	\$509.1

Amounts may not foot due to rounding

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

(\$ Millions)

	2026	2027	2028	2029	2030	Total
Capitalized	\$154.2	\$149.1	\$113.3	\$36.7	\$2.5	\$455.8
Operating Expense	19.1	16.2	6.9	5.3	5.1	52.5
Non-Operating Expense	0.8	0.0	0.0	0.0	0.0	0.8
Grand Total	\$174.1	\$165.3	\$120.1	\$42.0	\$7.6	\$509.1

Amounts may not foot due to rounding

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

(\$ Millions)

	2026	2027	2028	2029	2030	Total
Container Business	\$154.9	\$120.4	\$93.8	\$31.8	\$5.0	\$406.0
Non Container Business	11.4	26.8	17.6	7.0	0.5	63.3
Real Estate	1.4	6.9	5.3	0.1	0.1	13.7
Infrastructure	6.4	11.2	3.5	3.1	2.0	26.2
Grand Total	\$174.1	\$165.3	\$120.1	\$42.0	\$7.6	\$509.1

Amounts may not foot due to rounding

Table V-5: Depreciation Impact Due To Capitalized Projects

(\$ Millions)

	2026	2027	2028	2029	2030	Total
Container Business	\$ (5.1)	\$ (11.8)	\$ (18.0)	\$ (21.1)	\$ (23.4)	\$ (79.4)
Non Container Business	(0.5)	(0.7)	(0.7)	(1.1)	(4.5)	(7.4)
Real Estate	(0.1)	(0.1)	(0.2)	(0.6)	(0.6)	(1.6)
Infrastructure	(0.8)	(1.0)	(1.3)	(1.3)	(1.8)	(6.2)
Grand Total	\$ (6.4)	\$ (13.6)	\$ (20.2)	\$ (24.1)	\$ (30.4)	\$ (94.7)

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

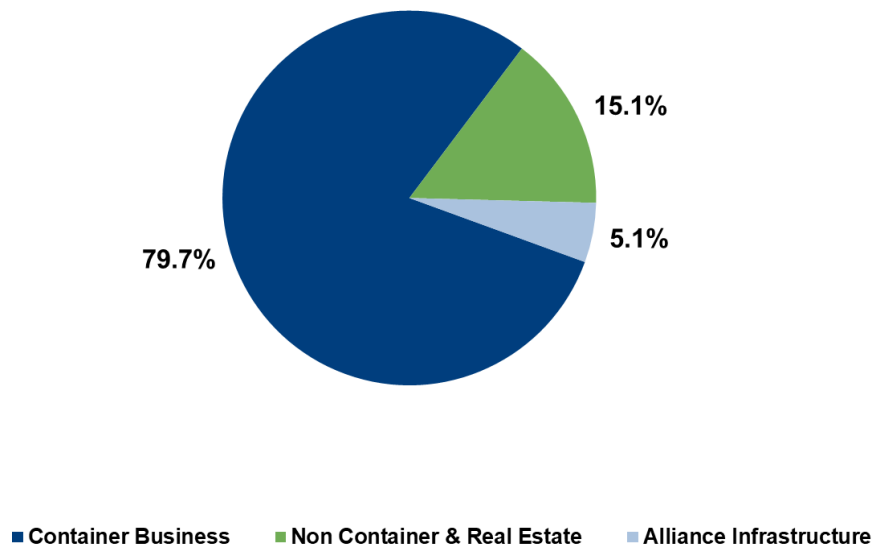
Planned capital expenditure for container terminals will total approximately \$406 million over the next five years. The CIP for this business will provide the

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 construction and wharf rehabilitation at Terminal 18; maintenance and berth dredging at several container terminals; rebuild Wapato creek culvert and expand reefer plugs at PCT.

Non-Container Business & Real Estate

Approximately \$77 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 2026, the NWSA plans to focus its environmental efforts on water and air quality and greenhouse gas emission reductions, with the bulk of that work on NWSA licensed properties in the Seattle and Tacoma harbors.

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 over \$200,000 in 2026 towards this effort to sustain the program. In 2024-25, 66% of vessel transits slowed, leading to a 35% underwater noise reduction in frequency used for Southern Resident Killer Whale (SRKW) communication.

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.

In 2025, Water Quality staff focused on implementing the new 2025 Industrial Stormwater General Permit (ISGP), which took effect January 1, 2025. This included:

- Updating Stormwater Pollution Prevention Plans for multiple facilities.
- Applying for sampling waivers with Ecology for overwater structures.
- Completing industrial and outfall site inspections ahead of schedule.
- Working with Maintenance to complete maintenance on treatment systems ahead of first flush to ensure we are prepared for the rainy season.

- Educating internal and external stakeholders on the 2025 ISGP.

Additionally, Water Quality Staff continued to provide technical support for multiple legal cases related to the 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 while sharing results with tenants and stakeholders. In 2025, the WQ Team received pilot use designation from Ecology's Emerging Stormwater Technologies (TAPE) Program, for treatment systems designed for use at the Tacoma and Seattle harbors. This stems from a 2024 application submitted through Ecology's General Use Level Designation (GULD) website.

In 2026, the WQ Team plans to submit another application for this program. Successful inclusion of our treatment systems on Ecology's GULD website allows 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.

2025 Accomplishments included:

- Implementing an ISGP for the T46 Breakbulk Facility.
- Coordination with Seattle Harbor stormwater staff on projects including requirements for implementing the ISGP at T46.
- Assistance with tenant stormwater pollution prevention plans.
- 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 2026 will be continuing to implement of the 2025 ISGP.

2025 Accomplishments included:

- WQ staff worked with the City of Tacoma to negotiate terms of our Interlocal Agreement, coordinated on permitting issues, the MS-4 permit, and business inspections.
- Developed innovative treatment

technology involvement with design of future Port of Tacoma Administration building and Maritime 253 building.

- Continue to provide design assistance to Port of Tacoma of Arkema redevelopment.

Provide design support on new Port of Tacoma Stormwater Center and Decant Facility.

- Water Quality Design support for EBC redevelopment.

Additionally, the WQ Team completed an Enhanced Maintenance Plan for Port of Tacoma MS4 stormwater management program and are now seeking approval from Ecology. Following acceptance from Ecology, we will pursue grant funding in 2026 for a new decant facility.

2026 Goals

In 2026, the WQ team will

- Continue to support projects including ditch maintenance in the Tacoma Harbor, and the Thorne Road Off-Dock Container Expansion yard for which Ecology funded a \$4.37 million stormwater grant.
- Continue Ecology negotiations regarding implementation of the 2025 Industrial Stormwater General Permit (ISGP).
- Continue implementing the 2025 ISGP on Port and NWSA operated facilities.
- Continue work towards certification for treatment systems with Ecology GULD/TAPE program.
- Continue to share stormwater information with tenants and assist with stormwater management issues.

- Utilizing drone technology for outfall and other permit required inspections, derelict vessel investigations, and shoreline mapping.

- Continue implementation of the 2024 MS-4 Phase I permit for the Port of Tacoma.
- Continue to be a leader in the stormwater section of Green Marine Certification.
- Continue to support Engineering for all capital improvement projects.
- Seek grant support for additional TAPE projects and a decant facility.

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) advancing 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 Cargo Handling Equipment (CHE) Program.

Key 2025 Accomplishments

Key accomplishments during 2025 include the following:

- Continued to coordinate and lead implementation of the NWSA's 2021-2025 Clean Air Implementation Plan to advance the 2020 NWPCAS; 85% of the more than 50 milestones embedded in the Plan will be achieved by the end of 2025.

- Prepared for the extension of the Clean Truck Rule (prohibiting pre-2007 trucks) at three domestic terminals beginning in January 2026. At the same time, 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 first phase of the Zero Emission Drayage Incentive Program to incentivize deployments of zero-emission drayage trucks in the NWSA gateway. Through a competitive procurement process supported by a \$6.24M state grant, selected for support the first deployment of battery-electric drayage trucks: 19 trucks to be operated by six drayage trucking companies and charged at a shared truck charging depot located halfway between the Seattle and Tacoma harbors. Continued to support and participate in the Puget Sound Zero Emission Truck Collaborative, a multistakeholder working group that developed a Regional Decarbonizing Drayage Roadmap, published in April 2025.

- Continued to lead the NWSA's engagement in the US-Korea Green Shipping Corridors Project, in partnership with the Republic of Korea, two Korean ports (Busan Port Authority and Ulsan Port Authority), and several commercial and technical partners. Highlights from 2025 included completion of feasibility assessments for the green car carrier and container ship corridors and development of a multi-port MOU to strengthen coordination and collaboration.
- Continued to support the shore power installation program, including completion of construction at Husky Terminal, completion of design at T-18, and initiation of planning and design at PCT, WUT, and EB-1.
- In collaboration with the Port of Seattle, Port of Tacoma, Seattle City Light, Tacoma Public Utilities, and others, completed 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.

- 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.
- 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 (a new web portal on port-related clean air and climate solutions).

Key 2026 Goals

Key goals for 2026 include the following:

- Lead and coordinate adoption and implementation of the NWSA's 2026-2030 Clean Air Implementation Plan;
- Successfully complete the first phase of the Zero Emission Drayage Incentive Program, and secure funding to launch additional phases;
- Coordinate implementation of the Clean Truck Program rule domestic terminals while continuing to implement the Diesel Truck Scrap-and-Replace Program.
- Develop and implement a program to encourage increased use of renewable diesel in drayage trucks and cargo-handling equipment operating in the gateway.
- Continue to support and participate on the Puget Sound Zero Emission Truck Collaborative, which will guide and facilitate implementation of the Decarbonizing Drayage Roadmap and development of a regional workforce development strategy focused on the transition to zero emission trucking in the region and state.
- Continue to advance the NWSA's ZE CHE goals by: purchase electric forklifts to serve the East

Blair One Terminal; initiating ZE terminal planning at several terminals, and launching a ZE CHE Incentive/Demonstration Program.

- Complete feasibility studies and develop implementation roadmaps for two green shipping corridors between the NWSA gateway and Korean ports: a container ship corridor with Busan and a car carrier corridor with Ulsan.
- Continue to develop and lead the Port Readiness Enhancement Program (PREP) to advance the NWSA's capacity to receive and serve cargo ships operating on alternative fuels. This will include active participation in the newly formed Sustainable Maritime Fuels Collaborative.
- Continue to support the shore power program, including construction at T-18 and design at WUT, PCT, and EB-1.
- Continue to publish the Ports Clean Air Quarterly and update www.nwcleanports.org.

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.

2025 Planning & Logistics Key Accomplishments

- Completed the Economic Impact Analysis update, which for the first time includes all lines of business for the NWSA, POS, and

POT.

- Manage the NWSA/POT Grant Program.

- Supported adoption of the Tideflats Subarea Plan, a component of the City of Tacoma Comprehensive plan and satisfying the RCW requirement for a Container Port Element.

2026 Planning & Logistics Goals

- Advance Resilient Gateway Program policies and develop an Implementation Plan.
- Provide technical support for Sound Transit Link extensions and Sounder expansion.
- Advocate for NWSA priorities at Puget Sound Regional Council staff committees.



Agricultural Equipment for Export.

Appendix A: NWSA Full Time Personnel

	NWSA			
	2024 Actual	2025 Budget	2025 Actual	2026 Budget
Executive	10	11	11	11
Human Resources	-			
External Affairs (Public Affairs & Communications)	4	5	4	5
Finance And Administration	2	2	2	2
Commercial Business	19	21	21	21
Operations	11	12	12	12
Facilities Development	14	18	16	18
Total	60	69	66	69

* 2025 Actuals is 2025 forecasted ending headcount

Northwest Seaport Alliance Average Compensation (excluding CEO)

The 2026 staffing budget of \$14,810,149 includes the following:

- \$10,591,093 for salaried employees and \$48,044 for hourly employees which includes:
 - \$264,016 for annual pay increases for salaried employees starting April.
 - \$23,384 for annual recognition program paid to salaried employees in April.
 - \$280,605 for marketplace adjustment for salaried employees during the year.
 - Average salary of \$153,336
- Total benefits of \$4,171,012

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	39,413
Washington Council on International Trade	20,000
Green Marine	12,000
All Other Memberships	87,977
Total NWSA Memberships	\$242,390

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 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.

The Northwest Seaport Alliance

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XIII – APPENDICES



APPENDICES

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:

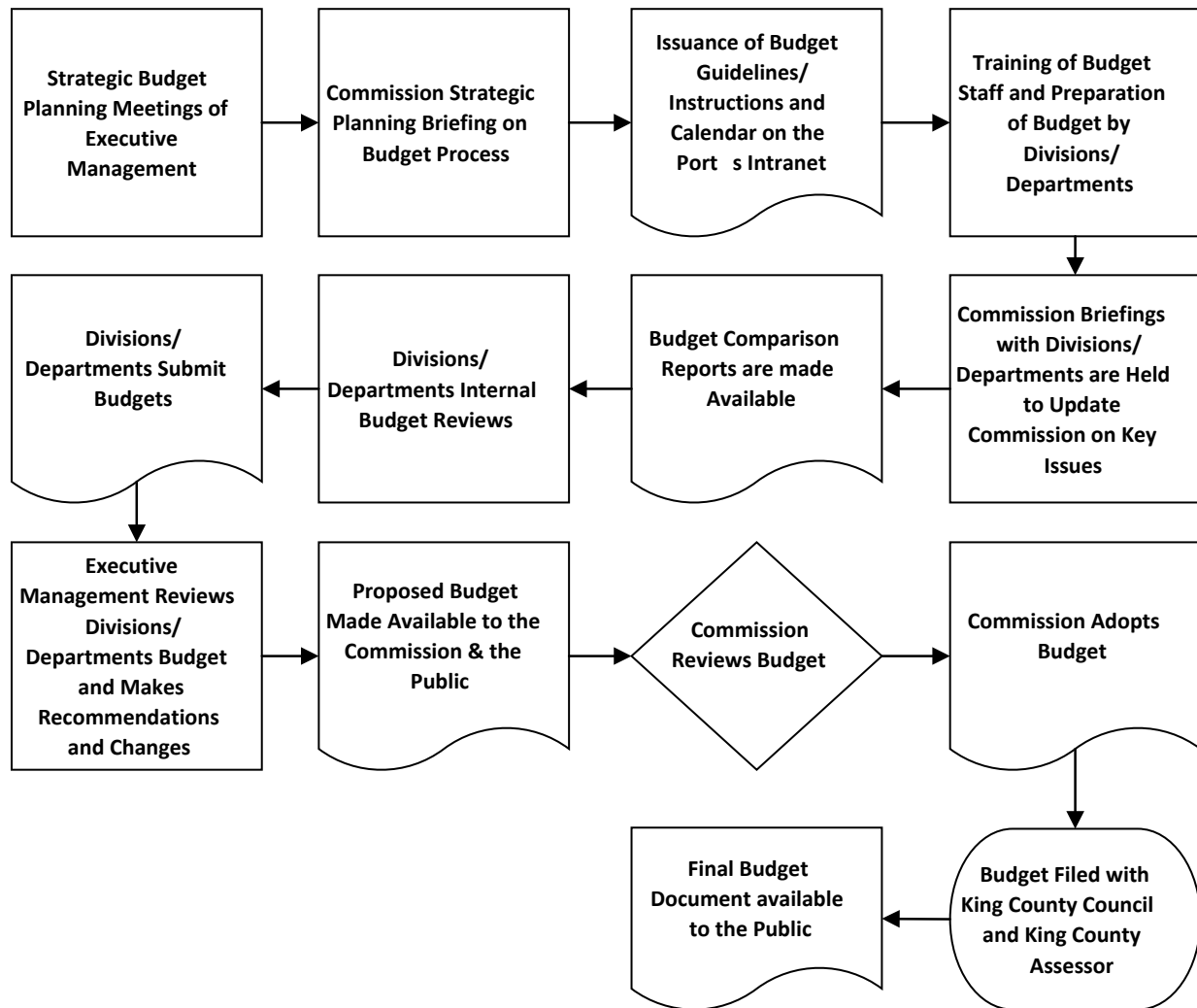
The steps in the 2026 operating budget process are as follows:

- 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 2026 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 26.
- 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:

<u>Date</u>	<u>Activity</u>
5/9/25	2026 Budget Planning with the Executive Leadership Team
6/17/25	Commission Budget Retreat
7/3/25	Budget Guidelines/Instructions and Calendar Available
7/7/25	Budget planning and analysis system available for input
7/8 - 10/3/25	Preparation of budget by divisions/departments
7/8/25	Budget Development Commission Briefing
8/2/25	Central Services Departments New Budget Requests Due to Finance & Budget (F&B)
8/9/25	Central Services Allocation forms available for review
8/13 - 8/22/25	Executive Review of Central Services Department's New Budget Requests
8/27/25	Central Services Departments Final Entries Completed
8/29/25	Non-Operating Budgets due to F&B
8/29/25	Central Services Budget Support Documentation due to F&B
9/8/25	Executive Review of Central Services' Operating & Capital Budgets
9/10/25	Executive Review of Maritime's Operating and Capital Budgets
9/10/25	Executive Review of EDD's Operating and Capital Budgets
9/11/25	Executive Review of Aviation's Operating and Capital Budgets
9/23/25	Commission Briefing on Central Services Operating and Capital Budgets
10/14/25	Commission Briefing on Aviation Operating Budget
10/14/25	Commission Briefing on Maritime & EDD Operating and Capital Budgets
10/21/25	2026 Preliminary Budget document is available to the Commission
10/23/25	2026 Preliminary Budget document is released to the Public
10/28/25	Commission Briefing on Aviation Capital Budget
10/28/25	Tax Levy and Draft Plan of Finance Commission Briefing
11/11/25	Introduction of the 2026 Preliminary Budget and Public Hearing
11/18/25	Adoption of the 2026 Budget
11/26/25	Filing of Budget with King County Council & King County Assessor as required by law
12/5/25	Release of the 2026 Final Budget

1. 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 2026 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.

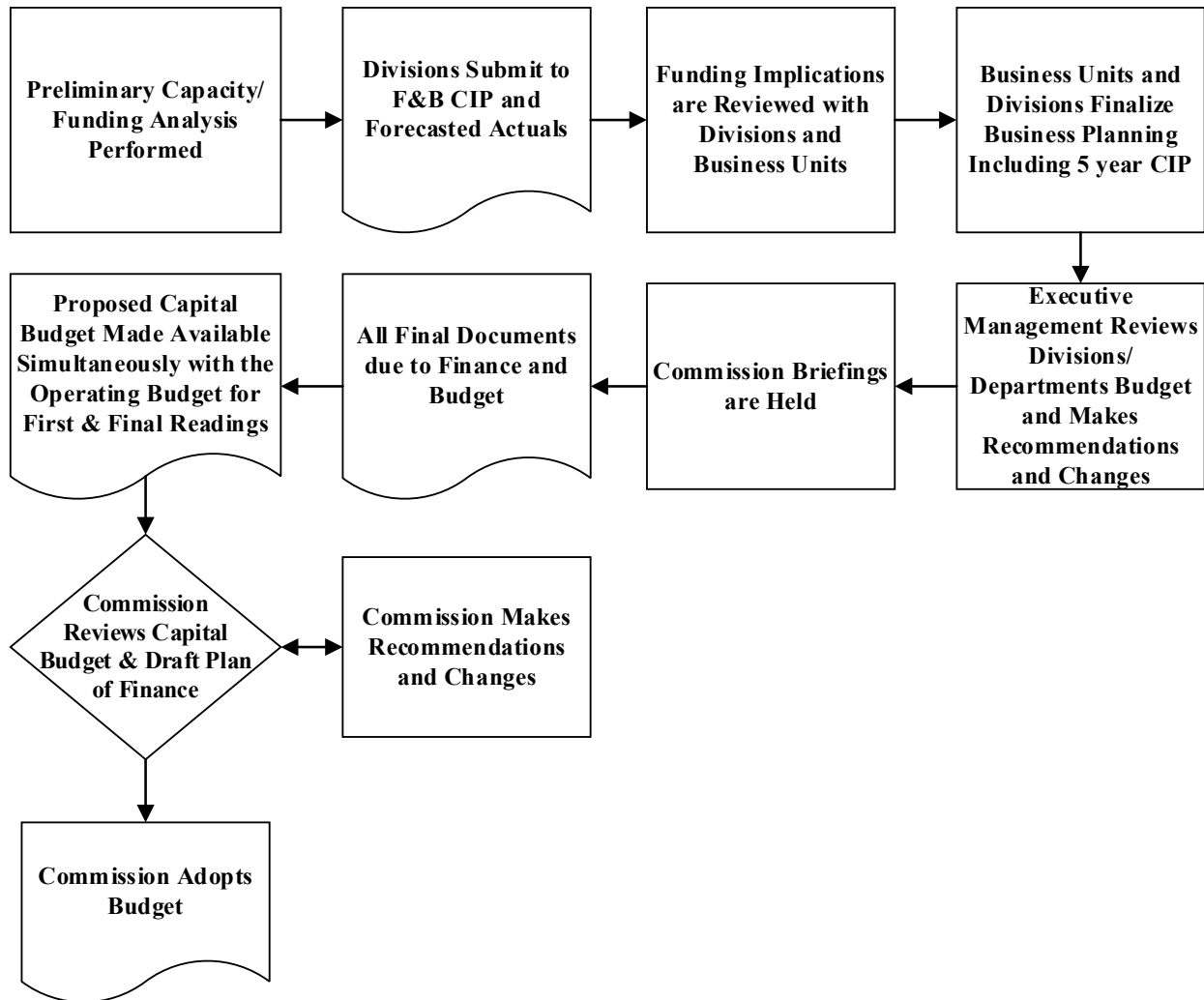
b. Capital Budget Process:

- 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 2025 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 2026-2030.
- This information is then reviewed by Executive, presented to the Commission, and included in the 2026 Final Budget document.

After the close of the 2025 fourth quarter in January 2026 and based on the 2025 fourth quarter CIP update, the divisions should have more refined capital spending estimates for 2026. Each division may choose to adjust the spending from the original list of projects in the Capital Budget, to establish the 2026 approved funding amount for each project and for the division as a whole. The adjusted Capital Budget will become the “Approved 2026 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 2026 Capital Budget planning calendar:

<u>Date</u>	<u>Activity</u>
6/17/25	Commission Budget Retreat
7/8/25	Budget Development Commission Briefing
8/13 - 9/11/25	Executive Review of Operating and Capital Budgets for all divisions
9/5/25	Preliminary Aviation Forecast Model due to F&B
9/23/25	Commission Briefing on Central Services Operating and Capital Budgets
9/26 - 10/3/25	F&B finalizes Capacity/Funding Analysis
10/14/25	Commission Briefing on Maritime and EDD Operating and Capital Budgets
10/23/25	2026 Preliminary Budget document is released to the Public
10/28/25	Commission Briefing on Aviation Capital Budget
10/28/25	Tax Levy and Draft Plan of Finance Commission Briefing
11/11/25	Introduction and Public Hearing of the 2026 Budget
11/18/25	Adoption of the 2026 Budget
11/26/25	Filing of Budget with King County Council & King County Assessor as required by law
12/5/25	Release of the 2026 Final Budget

B. FINANCIAL MANAGEMENT POLICIES

The primary purpose of the Port is to broaden and strengthen the economic base of the port district. The Port uses key criteria in various combinations as it pursues its capital and operating programs and projects. Clearly, national and international economic strengths or weaknesses have a direct bearing upon the Port's financial viability and role as an economic engine for the region.

1. KEY FINANCIAL TOOLS

The Port uses several tools to monitor its financial performance, and these are described below:

- a. **Long-term Targets**: The Port's long-term targets provide high-level policy guidance. These targets provide guidance to business planning for each division.
- b. **Operating Budget**: The Operating Budget is an essential tool for the Port's management planning, resource allocations, and control. It quantifies line of business and departmental plans for the next year in both operational and monetary terms. Throughout the year, the Responsibility Reports (which compare actual results to budget) are generated monthly and variances from budget are analyzed on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly forecast, which is incorporated into the quarterly Performance Report, which provides explanation of variances from the approved plan and is presented quarterly to Executive Management and Commission in public meetings, as necessary.
- c. **Balanced Budget**: The Port prepares an annual budget and supports, encourages, and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port's policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.
- d. **Operating Forecasts**: Included in the budget document are five-year forecasts or projections of the division's operating revenues and expenses. The first year of this forecast is the Operating Performance Budget.
- e. **Capital Budget and Capital Improvement Plan**: A detailed plan of proposed outlays or capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the proposed means of financing them through bond proceeds, grants, and operating revenues. This document serves as an operational and planning tool and it is directly tied to the business goals. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.
- f. **Capital Improvement Plan (CIP) Reserve**: The Capital Improvement Plan may include one or more CIP reserves to ensure funding capacity for unspecified projects (e.g., renewal and replacement), new initiatives and unforeseen needs. However, CIP reserves are not intended to anticipate all potential future spending and amounts will be determined by considering the data on historical capital trends, existing asset conditions, the status (level of certainty) of CIP forecasts, and any contingent risks that may require funding. The use of CIP reserves will be reviewed with the Commission annually during the budget process.
- g. **Capital Expenditures**: Expenditures that arise from the acquisition or improvement of the Port's fixed assets such as construction of new facility or renovation of existing facility; renewal, replacement or upgrading of mechanical, electrical, communications, HVAC, and plumbing systems; computer and office equipment; furniture and fixtures; vehicles, etc.

- h. **Capital Budget Impact on the Operating Budget:** Its impact on the Operating Budget is through Capitalized Labor or Charges to Capital Projects, which include the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating budget and then budgeted in the capital budget as part of the cost of the project(s). The Operating Budget is also impacted in the form of increased operating, maintenance, and depreciation expenses because of the new assets. Depreciation is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn, or depreciated. The capitalized labor or charges to capital projects is displayed in table III-3 and the depreciation is displayed in table III-2. The capitalized labor is also displayed in similar tables in sections IV thru VII.
- i. **Plan of Finance:** The Five-year Capital Budget is the basis of the Plan of Finance. This document provides a funding plan of the capital program developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance, section X of this document.
- j. **Capital Investment Matrix:** The matrix provides an analytical framework for capital projects. The results of the analysis provide financial and non-financial information for the Port Commission as a guide for capital investment decisions.
- k. **Financial and Operational Indicators Report:** The Port uses financial and operating indicators to monitor its financial performance and budget. This report is produced and distributed monthly to the Port Commission and Executive Management.
- l. **Treasury Management:** Using its internal Treasury since July 2002, the Port has experienced increased investment earnings, faster mobilization of funds, on-line banking capabilities, easier accounts and full control of its cash and investments.
- m. **General Coverage Ratios and Cash Flow Margins:** As part of its financial modeling, the Port targets that Airport cash flow equals 1.25x of all Airport related revenue debt and that Non-Airport cash flow equals 1.8x of all Non-Airport related revenue debt. In addition, the Port targets general obligation bond debt service not to exceed any more than seventy-five percent of the annual tax levy.
- n. **Bond Coverage Ratios:** The Port, through financial modeling, runs projections for its revenue bond debt service coverage ratio. Although the Port has an obligation under First Lien Revenue Bond covenants to maintain a ratio of 1.35x, as a matter of practice a ratio of at least 1.8x is maintained. Debt service coverage may fall below this target level during periods of construction borrowing prior to the time that revenue producing assets come on-line.
- o. **Fund Balances:** Working capital fund balances are maintained in the General Fund and the Airport Development Fund. The targeted level for the General Fund is approximately twelve months of operating and maintenance expenses other than Airport related expenses. The targeted level for the Airport Development Fund is eighteen months of Airport related operating and maintenance expenses to be achieved by 2026. \$5M in the Renewal and Replacement Fund as required by bond documents.
- p. **Performance/Variance Report:** This report is in narrative format explaining the reasons for or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.

- q. **Commitment Control:** The Port has in place a commitment control ledger that monitors department budgets, which prevents departments from exceeding their total budget without appropriate approval.

2. **FINANCIAL POLICIES AND DESCRIPTION OF MAJOR FUNDS**

This section, pages XIII-12 through 18, presents a summary of the Port's major financial policies and description of its major funds.

- a. **Organization:** Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. The Port is considered a special purpose government with a separately elected commission of five members and is legally separate and fiscally independent of other State or local governments.
- b. **Reporting Entity:** The Port uses the Enterprise Fund to account for all activities and operations of the Port.

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

Within the Enterprise Fund, the Port segregates non-operating expenses made for other public entities which are generally funded by the ad valorem tax levy. This includes expenses for district schools and infrastructure improvements to the state and region in conjunction with other agencies. These projects are controlled by other governmental entities and are not reflected as Port assets.

In 2015, the Port underwent a series of reorganizations to strategically position the Port to achieve future growth, operational excellence, and talent development.

Operation of the Port's main cargo business was transferred to the Northwest Seaport Alliance, a joint venture with the Port of Tacoma, which unified the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. The remaining Seaport businesses became a part of the new Maritime Division.

The Northwest Seaport Alliance is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. The Pacific Northwest is a key region for inbound and outbound United States cargo, moving cargo not only for the regional trade, but also cargo headed to destinations throughout the entire U.S. Midwest, and this Alliance will help the region remain competitive into the future. This is truly historic and signals a new era of cooperation between the ports. Combining the strong cargo terminal operations will make the region more competitive in the global economy and create new jobs in Washington.

The two ports have moved from fierce competitors to bold collaborators to form a new business model for the greater good of the region. The ports recognized how critical the maritime industry is to the state's economy and are proud and excited to strengthen it even more.

Together, the ports can more efficiently deploy the significant investments each port has devoted to infrastructure and speak with a stronger voice on pressing regional and industry-related issues. While the ports remain separate organizations that retain ownership of their respective assets, they formed a port development authority (PDA) to manage the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The PDA is governed jointly by the two ports through their elected commissions.

Effective January 1, 2016, the Port is comprised of three operating divisions, namely Aviation, Maritime and Economic Development.

The Aviation Division ("Aviation") operates Seattle-Tacoma International Airport (SEA) which serves the predominant air travel needs of a five-county area. The Airport is ranked as 11th busiest airport in the U.S. serving 50.9 million passengers in 2024. Currently 41 airlines serve 95 non-stop domestic and 36 international destinations including Canada, Mexico, and seasonal operations.

The Maritime Division manages industrial property connected with maritime businesses, recreational marinas, Fishermen's Terminal, cruise, grain, maritime operations, and real estate portfolio asset management.

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

Central Services provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port; it also delivers projects and provides technical and contracting services in support of the operating and infrastructure needs of the Port through Capital Development. Central Services expenses are allocated and charged to the operating divisions.

- c. **Basis of Accounting and Budgeting:** The Port does not distinguish between the Basis of Accounting and the Basis of Budgeting since the principles set forth as the Basis of Accounting are observed in the budgeting process. The Port is accounted for on a flow of economic resources measurement focus. The financial statements and the budget are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed.

The Government Accounting Standard Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port adopted the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and American Institute of Certified Public Accountants (AICPA) Pronouncements. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued by Financial Accounting Standard Board ("FASB") pronouncements which does not conflict with or contradict GASB pronouncements and eliminates the option to apply post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements.

- d. **Use of Estimates:** The preparation of the Port's budget in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in reporting of revenues and expenses in certain instances. Thus, actual amounts could differ from those estimates.
- e. **Operating Revenues:** Fees for services, rents, and charges for the use of Port Facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment, Property Rentals, and other revenues generated from the Port's operations are reported as operating revenue.
- f. **Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port's business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges, and other revenues generated from non-operating sources are classified as non-operating.
- g. **Operating & Maintenance Expenses:** Cost or charges that arise from the normal operation of the Port's business. These are costs or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct Charges, even those from Central Services and from other Divisions.
- h. **Non-Operating Expenses:** Cost or charges that do not arise from the normal operation of the Port's business. An example is interest expense.
- i. **Capital Policy:** The Port's policy is to capitalize all asset additions or **Tangible Assets (Property, Plant, and Equipment)** and **Intangible Assets**, if they exceed \$20,000, whether it is a single payment or an accumulation of related costs and with an estimated useful life of more than three years. Any asset costing less than \$20,000 is expensed. Land, facilities, and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment 3 to 20 years, and furniture and fixtures 5 to 10 years.
- j. **Debt Policy:** The Port's debt policy is designed to ensure appropriate use and management of debt including compliance with various laws, regulations and agreements and effective management of risk. The policy requires use of an independent financial advisor and describes the roles of Commission and staff. The policy describes the type and structure of debt and sets forth limitations on new debt. Key limitations include minimum debt service coverage requirements for revenue bond debt of 1.25x for the Airport and 1.8x for the Non-Airport businesses and that General Obligation bond debt service cannot exceed 75% of the annual tax levy. The policy establishes savings targets for refunding ranging from 3% for a current refunding with a short-term maturity/call date to 9% for a LIBOR based swap refunding with a long-term maturity/call date. The policy also provides guidelines for the sale of bonds.
- k. **Ad Valorem Tax Levy:** Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses. The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. The lien date is January

Appendices

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.

- I. **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

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Will be updated in the Final version.**

Descriptions of some of the major sub-funds are:

TABLE B-2: FUND DESCRIPTIONS

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

Appendices

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"> • Non-airport operating and administrative expenses; capital equipment purchases and construction projects, excluding projects funded with other funding sources (for example, certain expenses may be funded from the tax levy fund, as directed by Port Commission) • Operating expenses for Central Services allocated to the non-airport businesses • Central Services capital equipment purchases and capital projects that are ultimately allocated to the operating divisions through allocated depreciation and appropriate portions of capital that is split between the airport and non-airport businesses. • Non-operating expenditures that are directly associated with non-airport businesses. • Port payrolls, purchases of materials, supplies and services, and non-airport capital acquisition expenditures which are not otherwise funded are made from this fund. Periodic reports are generated indicating what general fund monies have been expended for payrolls or accounts payable that properly should have been paid out of the other funds. These amounts will then be transferred from such other funds to the general funds as reimbursements.
	Tax Levy	00020	<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>

Appendices

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"> • Revenue • Capital 	06054 03060	PFC Revenues are derived from passenger facility charges levied on embarking passengers at Seattle-Tacoma International Airport. The collected revenues are used to pay debt service on PFC Revenue Bonds, debt service on other revenue bonds related to FAA approved projects, and for specifically designated airport facility improvements projects. All PFC's revenues are deposited to the Revenue fund (06054). From the Revenue fund, there is a required monthly transfer to the Debt Service fund (by the 25th of each month) equal to 1/6 th 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"> • Revenue • Debt Service • Project • Reserve 	Held in Trust	The funds accruing to the Fuel Hydrant Revenue Fund are derived from Pledged Lease Revenue and Other Revenue as defined in Resolution No. 3504, as amended. Funds are to be used to pay Fuel Hydrant bonds debt service. All Fuel Hydrant revenues are deposited to the Revenue account. From the Revenue account, there is a required monthly transfer to the Debt Service account equal to 1/6 th of the semi-annual interest and 1/12 th 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.

Appendices

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 2026 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 \$615.5 M, an increase of 9.2% compared to the 2025 budget. Non-aeronautical revenues are budgeted at \$367.4 M, which is \$4.9M or 1.3% lower than the 2025 budget mainly driven by lower revenues from Public Parking and Ground Transportation. Total operating revenues are budgeted at \$982.9 million, a 5.0 percent increase from 2025. The 2026 Aviation expenses are expected at \$587.0 M, an increase of 6.1% from the 2025 budget mainly driven by increases in payroll, and other contractual expenses.

The Maritime Division's operating revenues are budgeted at \$110.4 million, a 6.5 percent decrease from 2025 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 \$116.0 million, a 11.8 percent increase from 2025.

The total operating expenses for Economic Development Division are budgeted at \$3.3 million, a 14.0 percent decrease from 2025. Ongoing key budget initiatives in 2026 include strategic investments in diversity in contracting, tourism, and economic development.

- The Airport expects total passengers of 54.1 million, a 1.7 percent growth from 2022 forecast.
- Cruise forecasts a record 330 vessel sailings with over 2.0 million passengers, and 102 percent occupancy rate based on tentative berth reservations.
- Grain volume is budgeted at 3.21 million metric tons, a 9.3 percent decrease from 2025 budgeted volumes.
- 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 2026, consistent with current results.
- Conference and Event Center expects a 3% revenue increase from the 2025 budget.

Salaries and benefits for represented employees are based on union contracts. Salaries for non-represented (exempt and non-exempt) employees are budgeted for a 4% 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 \$1,635.15 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 17.366% of pay in 2026.

C. BUSINESS ASSESSMENT

1. NATIONAL AND LOCAL ECONOMY AND OUTLOOK

Earlier this year, the economic outlook declined due to changes in trade and fiscal policy and geopolitical events. However, the latest report shows some signs of improvement. Based on the third estimate released by the U.S. Bureau of Economic Analysis, Real GDP increased at an annual rate of 3.8% during the second quarter compared to the decrease of 0.6% in the first quarter. The increase in the second quarter can be attributed to decrease in imports and higher consumer spending but partially offset by a decline in exports and investments.

Although inflation rate is starting to decline, prices are still up compared to price levels before the pandemic. The Consumer Price Index (CPI) increased 2.9% year over year in August. However, this is still lower compared to the 3.3% increase last year and highest rate of 9.1% in June 2022. In July and August, consumer prices increased 0.2% and 0.4% (Seasonally Adjusted), respectively.

U.S. employment increased by 22,000 in August up from 21,000 in June and July. Healthcare had the highest gain at 30,600 followed by leisure and hospitality and social assistance at 28,000 and 16,200, respectively. Meanwhile, professional and business services had a reduction of 17,000 jobs. The unemployment rate was recorded at 4.1% in June and 4.3% in August.

Washington's total nonfarm employment increased by 3,700 (seasonally adjusted) during June through August. Healthcare and social assistance added 3,600 jobs followed by manufacturing at 2,100, and government employment by 2,000. On the other hand, construction employment decreased by 1,400 jobs. Administration and support services cut of 3,900 jobs. Unemployment rates have ranged from 4.3% and 4.5% over the past year. In April, the rate was at 4.4% and increased to 4.5% in May and remained at the same rate in August.

Washington state housing construction started to trend upward in April. Authorized building permits were 35,200 (Seasonally Adjusted Annual Rate) during the second quarter, an increase of 2,700 compared to the first quarter of 2026. This number was comprised of 17,900 Single family permits and 17,300 multi-family permits. Home prices in the Seattle area decreased 0.2% in June and went up 0.9% over the year.

In August, consumer price inflation in Seattle increased 2.8% year over year after hitting a low point of 1.7% in April. This is in stark contrast to the high of 10.1% in June of 2022. Seattle area energy prices increased 7.3% year-over-year in August. Similarly, core prices surged 2.6% in August but still lower than the U.S. City Average at 3.1%.

Sources:

<https://erfc.wa.gov/publications-June Quarterly and September Monthly>

<https://www.bea.gov/news/2026/gross-domestic-product-2nd-quarter-2026-third-estimate-gdp-industry-corporate-profits>

TABLE C-1: SUMMARY FORECAST

SUMMARY FORECAST (Annual Percent Change)	2025	2026	2027	2028	2029
Washington State Economic Forecast					
Non Farm Payroll Employment	0.5	0.4	0.6	0.9	0.9
Unemployment Rate	4.5	4.9	4.9	4.7	4.4
Real Personal Income	2.1	2.2	3.6	3.7	3.3
Consumer Price Index	2.4	2.8	2.1	2.0	2.0
Housing Permits	(8.0)	6.7	3.8	3.7	2.4
Total Population (in 000's)	8,116.0	8,193.4	8,268.3	8,340.5	8,411.3
% Change	1.0	1.0	0.9	0.9	0.9

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

TABLE C-2: STATE EMPLOYMENT BY INDUSTRY

Washington State 2024 Average Employment Classified by Industry			
Industry description	Average Firms	Average Annual Employment	Average Annual Wage
Agriculture, forestry, fishing, and hunting	5,716	93,881	\$ 42,207
Mining	137	2,123	\$ 91,286
Utilities	240	5,897	\$ 136,763
Construction	27,375	211,935	\$ 85,667
Manufacturing	7,693	271,063	\$ 96,724
Wholesale trade	11,738	135,371	\$ 110,123
Retail trade	14,056	328,496	\$ 48,545
Transportation & warehousing	4,867	141,437	\$ 77,854
Information	7,666	145,743	\$ 275,718
Finance and insurance	7,138	94,547	\$ 134,545
Real estate, rental and leasing	6,676	57,713	\$ 80,461
Professional, scientific, and technical services	38,114	253,387	\$ 147,540
Management of companies and enterprises	700	101,432	\$ 276,463
Administrative and waste management service	13,907	178,041	\$ 71,983
Educational services	4,071	50,588	\$ 49,701
Health care and social assistance	20,502	471,140	\$ 70,148
Arts, entertainment, and recreation	3,208	56,510	\$ 44,539
Accommodation and food services	15,327	283,539	\$ 33,977
Other services (except public administration)	19,704	103,788	\$ 58,389
Government	2,127	591,342	\$ 84,540
Total *	210,962	3,577,071	\$ 92,467
* Total and average of statewide rollup data. Employment and wages are not shown for some subsectors to avoid disclosure of data for ind. employer.			

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

TABLE C-3: TOP 10 PUBLIC COMPANIES IN WASHINGTON

Top 10 Companies with HQ in Washington State <i>(ranked by Revenues)</i>			
Company	No. of Employees	Revenues	Website
Amazon.com	1,556,000	\$670.0B	www.amazon.com
Microsoft	228,000	\$281.7B	www.microsoft.com
Costco Wholesale	333,000	\$275.2B	www.costco.com
T-Mobile	70,000	\$84.1B	www.t-mobile.com
Starbucks	361,000	\$36.7B	www.starbucks.com
Coupang	95,000	\$32.3B	www.coupang.com
Paccar	31,000	\$31.1B	www.paccar.com
Nordstrom	55,000	\$15.0B	www.nordstrom.com
Expedia Group	17,100	\$13.6B	www.expedia.com
Alaska Air Group Inc	33,941	\$11.7B	www.alaskaair.com

Sources: <https://mergr.com/companies/united-states/washington/largest>;
<https://www.value.today/headquarters/washington>; and
<https://www.financecharts.com/screener/biggest-state-wa>

2. ECONOMIC IMPACT STUDY SUMMARY:

The new joint economic impact analysis report shows that the Northwest Seaport Alliance (NWSA), the Port of Tacoma, and the Port of Seattle collectively generated \$17.7 billion in wages and benefits and nearly \$55 billion in business output and supported more than 265,000 jobs in 2023. The report includes an analysis of direct jobs and provides a comprehensive snapshot of both indirect jobs and induced economic benefits. This is the first time that all lines of business have been evaluated together. The Port of Seattle's business lines supported over 205,000 total jobs, almost \$39 billion in total business output, and \$396 million in total fiscal impact to the state. Seattle-Tacoma International Airport (SEA), the Port's largest business line, supported nearly 175,000 jobs in 2023, \$10.5 billion in wages and benefits, and \$33.3 billion in business output. Meanwhile, the Cruise business is expected to support 5,120 jobs in 2025, \$327 million in wages and benefits, and \$1.2 billion in business output.

Seattle-Tacoma International Airport (SEA)

Seattle-Tacoma International Airport (SEA) is one of the Pacific Northwest's leading economic engines. From airport workers who live in neighboring communities to cherry farmers in Central Washington, and from shops in tourist destinations like Pike Place Market to corporate giants like Microsoft and Boeing, SEA touches nearly every aspect of the economy.

The Port of Seattle, operator of SEA, retained Community Attributes to measure the airport's economic contribution based on business activity data collected in 2023. Results demonstrate SEA is a strong driving force for sustainable regional prosperity. Activity on-site at the airport and throughout Washington state resulting from purchases by visitors arriving at SEA generates the following:

- \$33.4 billion in total business output
- 174,950 total jobs supported
- \$10.5 billion in total employee compensation
- \$342 million in total state fiscal impact

Maritime Cargo

The combined total impact of maritime industries was found to include 52,105 jobs and \$14 billion in total business revenue. These figures reflect activity at both the Seattle and Tacoma cargo terminals that are managed by The Northwest Seaport Alliance (NWSA).

In 2015 the ports of Seattle and Tacoma joined forces to unify management of our 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 was the first of its kind in North America.

In 2023 the Northwest Seaport Alliance commissioned a report on the economic impact of marine cargo. The Northwest Seaport Alliance represents one of the largest cargo loading centers in the U.S. In 2023, nearly three million twenty-foot equivalents (TEU) carrying 23.8 million metric tons of cargo (including 22 million metric tons of containerized cargo) were handled at the Northwest Seaport Alliance across facilities at the Ports of Seattle and Tacoma. Nearly 80% of TEUs at the NWSA represent international imports or exports, with the remaining 20% representing containers shipped domestically to Alaska and Hawaii.

The report found that, combined across all marine cargo activities, the NWSA directly an estimated 52,100 jobs, \$4.4 billion in total compensation, and \$14 billion in total business output throughout the state of Washington. The direct and secondary economic activities related to marine cargo at the NWSA generate nearly \$134 million in Washington state sales and use taxes, Washington state business, and occupation taxes and other statewide taxes.

Commercial Fishing and Recreational Boating Industries

The Port of Seattle announced new economic impact report figures on the local fishing and recreational boating industries, highlighting the importance of maritime industrial properties in the region. Commercial fishing facilities on Port property hauled in over \$1 billion, supporting over 8,800 direct jobs, with recreational boating related facilities floating nearly \$154 million, and more than 1,000 jobs.

Cruise Industry

The results of a new economic impact report show that the Port's projected cruise business for 2025 creates nearly \$1.2 billion a year in total local business revenue and supports over 5,120 jobs, with \$326.6 million in total compensation (wages and benefits).

In 2024, the Port of Seattle hosted 275 cruise line calls, and is projected to host 300 calls in the 2025 cruise season. From 2014 through 2019, the Port of Seattle averaged 203 cruise ship calls per year, whereas from 2022 to 2024, the average increased to 284 calls. Between 2014 and 2024 total cruise passenger traffic at the Port of Seattle grew by 8% annually, on average.

D. BOND AMORTIZATION SCHEDULES

TABLE D-1: BOND AMORTIZATION SCHEDULE FOR 2026

Bond Type Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2026	2026 Principal Payments		Outstanding Dec. 31, 2026	Interest Payments [1]	
				Due Date	Amount		Due Date	Amount
GENERAL OBLIGATION BONDS								
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	102,205,000	01/01/26	3,910,000	98,295,000	01/01, 07/01	5,012,500
Limited Tax G.O., Series 2022A	\$15,115,000 [3]	01/26/22	8,420,000	12/01/26	1,955,000	6,465,000	06/01, 12/01	421,000
Limited Tax G.O., Series 2022B	\$94,345,000 [4]	01/26/22	63,125,000	12/01/26	3,360,000	59,765,000	06/01, 12/01	1,523,311
Limited Tax G.O., Series 2024A	\$94,695,000 [5]	06/20/24	87,785,000	06/01/26	7,355,000	80,430,000	06/01, 12/01	4,140,675
Limited Tax G.O., Series 2024B	\$65,745,000	06/20/24	65,745,000	06/01/26	-	65,745,000	06/01, 12/01	3,287,250
Limited Tax G.O., Series 2024C	\$95,775,000	06/20/24	92,295,000	06/01/26	3,660,000	88,635,000	06/01, 12/01	4,289,803
TOTAL GENERAL OBLIGATION BONDS			419,575,000		20,240,000	399,335,000		18,674,539
REVENUE BONDS								
First Lien Bonds								
Series 2009B-2	\$22,000,326 [6]	07/16/09	57,537,187	05/01/26	4,280,110	46,651,757 [7]	05/01	10,219,890
Series 2016B - Ref. 2007B	\$124,380,000 [7]	08/02/16	75,660,000	10/01/26	9,295,000	66,365,000	04/01, 10/01	3,783,000
Series 2016C - Ref. Taxable	\$6,180,000 [7]	08/02/16	3,395,000	10/01/26	445,000	2,950,000	04/01, 10/01	102,189
Series 2021 Refunding	\$43,015,000 [8]	06/30/21	9,540,000	09/01/26	9,540,000	-	03/01, 09/01	477,000
Total First Lien Bonds			146,132,187		23,560,110	115,966,757		14,582,079
Intermediate Lien Bonds								
Series 2015C New Money	\$226,275,000	08/06/15	165,730,000	04/01/26	9,280,000	156,450,000	04/01, 10/01	8,054,500
Series 2016 Refunding	\$99,095,000 [9]	08/02/16	84,555,000	02/01/26	15,265,000	69,290,000	02/01, 08/01	3,846,125
Series 2017A Revenue Refunding	\$16,705,000 [10]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [10]	08/22/17	161,930,000	05/01/26	4,325,000	157,605,000	05/01, 11/01	5,837,568
Series 2017C New Money	\$313,305,000	08/22/17	261,675,000	05/01/26	10,005,000	251,670,000	05/01, 11/01	12,958,625
Series 2017D New Money	\$93,230,000	08/22/17	23,830,000	05/01/26	11,620,000	12,210,000	05/01, 11/01	901,000
Series 2018A New Money	\$470,495,000	06/21/18	404,975,000	05/01/26	14,275,000	390,700,000	05/01, 11/01	19,404,375
Series 2018B New Money	\$85,145,000	06/21/18	32,225,000	05/01/26	10,205,000	22,020,000	05/01, 11/01	1,356,125
Series 2019 New Money	\$457,390,000	08/07/19	406,220,000	04/01/26	13,165,000	393,055,000	04/01, 10/01	19,581,875
Series 2021A New Money	\$12,610,000	06/30/21	9,430,000	12/01/26	1,705,000	7,725,000	06/01, 12/01	471,500
Series 2021B Revenue Refunding	\$148,765,000 [11]	06/30/21	127,790,000	12/01/26	5,925,000	121,865,000	06/01, 12/01	5,713,675
Series 2021C New Money	\$470,065,000	06/30/21	443,015,000	08/01/26	12,660,000	430,355,000	02/01, 08/01	21,250,150
Series 2021D New Money	\$41,395,000	06/30/21	31,490,000	08/01/26	5,035,000	26,455,000	02/01, 08/01	576,223
Series 2022A Revenue Refunding	\$206,200,000 [12]	08/11/22	190,155,000	08/01/26	16,850,000	173,305,000	02/01, 08/01	9,507,750
Series 2022B New Money	\$551,615,000	08/11/22	537,495,000	08/01/26	14,830,000	522,665,000	02/01, 08/01	26,586,525
Series 2022C New Money	\$39,275,000	08/11/22	34,975,000	08/01/26	4,460,000	30,515,000	02/01, 08/01	1,352,073
Series 2024A Revenue Refunding	\$168,975,000 [13]	08/01/24	158,955,000	03/01/26	10,920,000	148,035,000	03/01, 09/01	7,674,750
Series 2024B New Money	\$566,930,000	08/01/24	566,930,000	06/01/26	1,965,000.00	564,965,000	01/01, 07/01	29,220,625
Series 2024B Revenue Refunding	\$82,010,000 [14]	08/01/24	65,925,000	06/01/26	16,385,000	49,540,000	01/01, 07/01	3,296,250
Series 2025A New Money	\$74,235,000	08/05/25	74,235,000		-	74,235,000	04/01, 10/01	3,755,063
Series 2025B New Money	\$650,460,000	08/05/25	650,460,000		-	650,460,000	04/01, 10/01	33,537,975
Series 2025C New Money	\$22,550,000	08/05/25	22,550,000		-	22,550,000	03/01, 09/01	986,683
Total Intermediate Lien Bonds			4,471,250,000		178,875,000	4,292,375,000		216,704,685
Subordinate Lien Bonds								
Series 2008	\$200,715,000 [15]	06/11/08	110,333,000	2026	14,620,000 [2]	95,713,000	Various [2]	2,923,878 [2]
Total Subordinate Lien Bonds			110,333,000		14,620,000	95,713,000		2,923,878
TOTAL REVENUE BONDS			4,727,715,187		217,055,110	4,504,054,757		234,210,641

Appendices

SPECIAL FACILITY REVENUE BONDS

Fuel Facilities Series 2013 ref	\$88,660,000	[16]	06/13/13	<u>42,860,000</u>	06/01/26	<u>5,045,000</u>	<u>37,815,000</u>	06/01, 12/01	<u>1,853,980</u>
TOTAL SPECIAL FACILITY REVENUE BONDS				<u>42,860,000</u>		<u>5,045,000</u>	<u>37,815,000</u>		<u>1,853,980</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 2022A G.O. refunded a portion of the Port's B-1 Commercial Paper.
- [4] - 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.
- [5] - 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.
- [6] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The estimated outstanding principal balance at 12/31/2026 includes \$33,534,276 of accumulated accreted interest.
- [7] - 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.
- [8] - 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.
- [9] - 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.
- [10] - 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.
- [11] - 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.
- [12] - 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.
- [13] - 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.
- [14] - 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.
- [15] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
- [16] - 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 10/31/2025 the Port had \$120 million in Commercial Paper outstanding.

Appendices

TABLE D-2: BOND AMORTIZATION SCHEDULE FOR 2025

Bond Type Series	Original Issue		Issue Date	Outstanding Jan. 1, 2025	2025 Principal Payments		Outstanding Dec. 31, 2025	Interest Payments [1]			
	Amount				Due Date	Amount		Due Date	Amount		
<u>GENERAL OBLIGATION BONDS</u>											
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				<u>445,465,000</u>		<u>25,890,000</u>	<u>419,575,000</u>		<u>19,654,159</u>		
<u>REVENUE BONDS</u>											
<u>First Lien Bonds</u>											
Series 2009B-2	\$22,000,326	[7]	07/16/09	67,659,694		4,602,735	57,537,187	[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				<u>174,619,694</u>		<u>22,967,735</u>	<u>146,132,187</u>		<u>15,166,829</u>		
<u>Intermediate Lien Bonds</u>											
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		
Series 2025A New Money	\$74,235,000		08/05/25	-		-	74,235,000	04/01, 10/01	417,229		
Series 2025B New Money	\$650,460,000		08/05/25	-		-	650,460,000	04/01, 10/01	3,726,442		
Series 2025C New Money	\$22,550,000		08/05/25	-		-	22,550,000	03/01, 09/01	-		
Total Intermediate Lien Bonds				<u>3,892,550,000</u>		<u>168,545,000</u>	<u>4,471,250,000</u>		<u>187,084,525</u>		
<u>Subordinate Lien Bonds</u>											
Series 2008	\$200,715,000	[16]	06/11/08	<u>123,533,000</u>	2025	<u>13,200,000</u>	[2]	<u>110,333,000</u>	Various [2]	<u>4,323,725</u>	[2]
Total Subordinate Lien Bonds				<u>123,533,000</u>		<u>13,200,000</u>		<u>110,333,000</u>		<u>4,323,725</u>	
TOTAL REVENUE BONDS				4,190,702,694		204,712,735		4,727,715,187		206,575,079	

Appendices

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 Commercial 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 \$40,139,596 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 10/31/2025 the Port had \$120 million in Commercial Paper outstanding.

TABLE D-3: 30 YEAR BOND AMORTIZATION SCHEDULE



Port of Seattle

Port of Seattle

Statement of 30 Years - Calendar Year Mode

Outstanding Debt Service

As of 1/1/2025

Primary Sort Issue Group

(in thousands)

	2025	2026	2027	2028	2029	2030 2034	2035 2039	2040 2044	2045 2049	2050 2054	Total
GO Bonds											
INTEREST	19,654	18,675	17,768	16,826	15,845	67,058	44,575	19,780	6,401	0	226,583
PRINCIPAL	25,890	20,240	21,150	21,910	22,880	91,170	113,660	79,320	49,245	0	445,465
Rev Int Lien											
INTEREST	182,941	178,425	169,521	159,850	150,485	610,609	393,888	191,531	45,329	0	2,082,578
PRINCIPAL	168,545	178,875	202,710	198,345	191,545	947,290	861,165	788,720	355,355	0	3,892,550
Rev Sr. Lien											
INTEREST	15,167	14,582	10,591	10,881	13,441	18,989	0	0	0	0	83,651
PRINCIPAL	22,968	23,560	12,932	13,447	14,682	41,371	0	0	0	0	128,960
Rev Sub Lien											
INTEREST	3,437	3,442	3,442	3,443	3,442	12,289	0	0	0	0	29,496
PRINCIPAL	13,200	0	0	0	0	110,335	0	0	0	0	123,535
Special Facility Rev Bonds-FH											
INTEREST	2,029	1,854	1,665	1,463	1,217	1,923	0	0	0	0	10,151
PRINCIPAL	4,865	5,045	5,220	5,420	5,660	21,515	0	0	0	0	47,725
Interest Total	223,228	216,978	202,988	192,463	184,430	710,868	438,462	211,311	51,730	0	2,432,459
Principal Total	235,468	227,720	242,012	239,122	234,767	1,211,681	974,825	868,040	404,600	0	4,638,235
Grand Total	458,695	444,698	445,000	431,586	419,196	1,922,549	1,413,287	1,079,351	456,330	0	7,070,694

- 1) Assumes an interest rate of 3.12% 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, 2025 the Port had \$120M in Commercial Paper outstanding.

The Port maintains credit ratings with three rating agencies: Moody's Investor Services, S&P Global Ratings and Fitch Ratings. Ratings are maintained on The Port's general obligation credit and on three liens of revenue bond credit.

TABLE D-4: BOND RATINGS SUMMARY

	Moody's	S&P	Fitch
General Obligation Bonds	Aaa	AA	AA-
First Lien Revenue Bonds	Aa2	AA	AA
Intermediate Lien Revenue Bonds	Aa3	AA-	AA-
Subordinate Lien Revenue Bonds	A1	A+	AA-
Fuel Hydrant Special Facility Bonds	A1	A+	

E. OTHER DETAILED EXPENDITURES

a. Promotional Hosting

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

TABLE E-1: PROMOTIONAL HOSTING BY DIVISION

Division	2024 Actuals	2025 Budget	2026 Proposed Budget
Aviation	\$ 184,267	\$ 160,475	\$ 190,550
Maritime	24,979	103,300	102,539
Economic Development	95,553	104,900	109,500
Central Services	127,872	165,125	371,720
Total	\$ 432,671	\$ 533,800	\$ 774,309
Promo.xlsx			

b. Memberships

The 2026 Budget for the Port of Seattle is \$1,628,707. The Executive Director may approve additional memberships and increases in dues which could not be foreseen during 2026 budget preparation, provided that the increases do not exceed 10% of the total membership budget.

Memberships are for: (1) associations for the purpose of participating on a cooperative basis with other port districts, airports and with operators of terminal and transportation facilities; (2) associations providing specialized information and services; (3) associations to better qualify certain employees in the performance of specified duties which are assigned to such employees; and (4) associations which are considered to be of particular and special value in connection with the carrying out of the Port's promotion and advertising activities. Membership is an effective way to leverage scarce resources to accomplish objectives that might otherwise be omitted.

TABLE E-2: MEMBERSHIPS

Memberships	2026 Budget
Airport Council International	\$ 209,000
Washington Public Ports Association - AV	\$ 144,000
Washington Public Ports Association - Maritime	\$ 144,000
Sustainable Aviation Fuels (SAF) Cascadia	\$ 100,000
Puget Sound Regional Council & Economic Development	\$ 85,200
American Association of Airport Executives	\$ 77,500
US Travel Association	\$ 65,000
American Association of Port Authorities	\$ 50,448
Greater Seattle Metropolitan Chamber - Annual Membership Dues	\$ 50,000
American Association of Airport Executives	\$ 44,625
Aviation Information Sharing and Analysis Center	\$ 28,270
Airports Council International - North America	\$ 27,816
Cruise Line International Association	\$ 25,000
Manufacturing Maritime Industrial Association (MMIA) Membership	\$ 25,000
Sound Industrial Alliance	\$ 25,000
Washington Health Alliance	\$ 15,500
Maritime Innovation Collaboration	\$ 15,000
Green Marine	\$ 12,500
Transformational Travel Council	\$ 10,000
Global Biorisk Advisory Council (GBAC) Accreditation	\$ 10,000
Mass Timber Association	\$ 10,000
Washington Council on International Trade	\$ 10,000
International Air Transport Association	\$ 10,000
Other	\$ 434,848
Total	\$ 1,628,707
Memberships.xls	

F. CHANGES BETWEEN PRELIMINARY BUDGET TO FINAL BUDGET

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Will be updated in the Final version.**

G. CENTURY AGENDA KPIs

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Will be updated in the Final version.**

H. GLOSSARY OF TERMS USED

Account: A record of an activity as revenue or expense, such as fees for services, rents, or as salaries, equipment, supplies, travel, etc.

Accrual: Represents an outstanding obligation for goods and services received or performed but for which payment has not been made.

Accrual Basis of Accounting: It is the basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed, or the recording of revenue or expense in the absence of a cash transaction.

Actions: The specific tactics, actions and projects an organization will undertake in an effort to meet the objectives. These statements should reflect how objectives will be achieved.

Actual: Earned revenue or incurred expense during the stated fiscal year.

Ad Valorem Tax Levy: Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses.

Allocated Expense: These are costs allocated to business groups from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port and all its Business Groups. Costs can come from within the division (intra-division) or from outside the division (inter-division).

Amortization: The gradual reduction in the book value of Fixed or Intangible Assets having a limited life by allocating the original cost over the life of the asset. (See Depreciation).

Annual Financial Report: This document is produced by the Port of Seattle annually detailing financial, statistical, budgetary, and demographic data and it is distributed to the public.

Appropriation: Authorization granted by a legislative body to make expenditures and to incur obligations for a specific use and contains specific limitations as to the amount, purpose, and time when it may be expended.

Assessed Valuation: Is an official government valuation set upon real estate and personal property by the King County Assessor, as a basis for levying property taxes.

Audit: A formal examination of an organization accounts or financial situation.

Balanced Budget: The Port prepares an annual budget and supports, encourages, and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.

Bonds: Is an interest-bearing written instrument promising to pay a specified sum of money (the face value or principal amount) on a specified date (the maturity date) at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond resolution or ordinance.

Budget: A financial plan, forecast or projection of the Port's revenues and expenses expected during the stated budget year.

Budget Calendar: A schedule of key dates that the Port follows in the preparation, review, and adoption of its annual budget.

Budget Document: The Port's official written approved budget in document format, prepared by the Port's Finance and Budget teams.

Budget Message: A general discussion of the proposed budget presented in written format by the Executive Director of the Port to the Port Commission and Public.

Business & Occupation (B&O) Tax: It is a gross receipt tax levied on businesses. Washington State does not have a corporate or personal income tax. Washington's B&O Tax is calculated on the gross income from activities.

Capital Capacity: An estimated calculation of the maximum amount available to spend on capital projects, given assumptions about future revenues and expenses and the ability to cover future interest payments per bond covenants and Port policies. See further discussion in the Draft Plan of Finance, section X.

Capital Expenditures: In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port's fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of 3 years or more, of which the Port has ownership.

Capital Improvement Plan (CIP) and Draft Plan of Finance: A detailed five-year plan of proposed capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the means of financing them through bond proceeds, grants, and operating revenues. This document serves as an operational and planning tool. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.

Capitalized Labor or Charges to Capital Projects: Includes the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating expense and then input into the capital budget as part of the cost of the project(s).

CARES Act: The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act.

Cash Disbursements: Is the disbursement or payment of cash for cost incurred in the operation of the Port's business.

Cash Flow: Illustrates the flow of funds over a period of time incorporating both the operating budget and the capital budget and determines the financial needs.

Cash Receipts: The collection of cash from services and from Port facilities and equipment leased or operated.

Chart of Accounts: It is a long list (“index”) of account numbers and their descriptions.

Chartfield: A field that contains information that defines a transaction in terms of account number, department code, subclass, fund, or program.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Continuous Process Improvement Program (CPI): CPI is the port’s official program to establish a continuous and enduring culture of improvement by utilizing a disciplined and time-tested improvement methodology called “LEAN.” A culture of CPI will expand and improve the Port’s capabilities, making the Port a stronger, more competitive organization. The CPI program focuses on four key elements:

- Organizational strategies, objectives, and metrics
- Employee empowerment and engagement
- Efficiency
- Innovation

Cost Per Enplanement (CPE): Airline cost per enplanement reflects the overall cost to the airlines for each passenger enplaned. The CPE measures the total costs borne by the passenger airlines operating at the airport divided by the number of enplaned passengers (roughly half of the total passengers). CPE is a key indicator used by the airlines to measure the relative costs of airports.

Cost Recovery: is a method of rate setting and revenue recognition based on recovering costs associated with a specific business operation. Costs included in the recovery methodology include operating expenses, debt service costs, and amortization for assets associated with a specific business operation.

Customer Facility Charges (CFCs): As determined by applicable State legislation, customer facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds.

Department/Org: An organizational unit within the Port which is part of a division.

Depreciation: This is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn, or depreciated (See Amortization).

Direct Charge: The ability to direct charged for services instead of allocating them, which is charging against another division’s/department’s subclass to represent where resources were used and dollars spent for the work that was actually performed.

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

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

Environmental Remediation Liability: The Port's policy requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; named as party responsible for sharing costs; named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's pollution remediation obligation.

Costs incurred for pollution remediation obligation are recorded as environmental expenses unless the expenditures meet specific criteria that allow them to be capitalized. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

Equity: The excess of assets over liabilities.

Estimates: Prediction of revenues and expenditures.

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

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

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

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

Fund Balance: The Net Position of the Enterprise Fund.

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

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

revenue bond financing, the project generates significant economic benefits for taxpayers, and the project is critical to the Port's core business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Invested in capital assets – net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net Assets subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net assets that do not meet the definition of “invested in capital assets – net of related debt” or “restricted”.

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

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

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

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

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

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

Northwest Seaport Alliance (NWSA): A Joint Venture between the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance, which unifies the two ports’ marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. It is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is a separate governmental entity established as a Port Development Authority, similar to Public Development Authorities formed by cities and counties. It is governed equally by the Managing Members who are acting through its home port’s elected commissioners. The citizens of Pierce and King Counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle every four years, on a staggered basis. Each home port will remain a separate legal entity, independently governed by its own elected commissioners.

Objectives: Are statements of specific outcomes that are related to achieving the desired goals/strategies.

Operating Income before Allocations & Depreciation: Direct operating revenues minus direct operating expenses. This does not include any allocated expenses.

Operating & Maintenance Expenses: Cost or charges that arise from the normal operation of Port’s business. These are cost or services required for a department/division to function. These include

Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct and allocated charges, from Central Services and from other Divisions.

Operating Revenues: Fees for services, rents, and charges for the use of Port facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment Rentals, Property Rentals, and other revenues generated from port's operations are reported as operating revenue.

ORG: Is an abbreviated term for "Organization" and is the number that identifies departments. It shows where cost originates.

Other Post-Employment Benefits (OPEB): According to the Governmental Accounting Standard Board (GASB) statement 45, government agencies are required to record post-employment benefit costs other than pensions as a liability based on actuarial costs.

Passenger Facility Charges (PFCs): As determined by applicable federal legislation, passenger facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines are recorded as non-operating income in the statements of revenues, expenses, and changes in net assets upon passenger enplanement.

Passenger Facility Charges (PFCs) Bonds: Bonds backed by Passenger Facility Charges.

Passenger Traffic: Enplanements, deplanements and connecting passenger activity.

Performance Indicators or Measures: Metrics used by Port management to determine whether a program is achieving or accomplishing its mission efficiently and effectively.

Performance or Operating Budget: A financial plan that incorporates an estimate of proposed revenues and expenses for a given period. A department's budget includes only those revenues and expenditures for which it has control.

Performance or Variance Report: A report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts for a given period. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.

Port Commission: It is the governing body of the Port of Seattle, which is comprised of five commissioners elected by the voters of King County to serve four-year terms and to establish Port policy.

Program: Represents costs that are tracked and tend to enhance account information.

Repairs and Maintenance: Expenditures for routine maintenance and repairs to structure and minor improvements to property, which do not increase the value of the capital assets.

Resolution: A formal expression of opinion or determination adopted by the Port Commission.

Revenue Bonds: A type of borrowing that is repaid through the dedication of revenues intended to be generated by the investment being funded by the bonds.

Revenue over Expense: The excess or deficit of revenues (operating and non-operating) over expenses (operating and non-operating). The excess of revenues over expenses increases equity, whereas the deficit, expenses over revenues, decrease equity.

Seasonally Adjusted: Monthly figures are seasonally adjusted to account for typical seasonal variations which allows for month-to-month comparison.

Seasonally Adjusted Annualized Rate: A calculated rate to reflect the full year and adjusted to account for the seasonal variations.

Statutory Budget: A plan that depicts the cash flows of the Port. It shows the beginning balance, cash receipts and cash disbursements and the balance at the end of the year. This budget must be filed with the King County Council and the King County Assessor as required by law by a specific date. See Section XI.

Strategies: The broad, overall priorities adopted by the organization in recognition of its operating environment and in pursuit of its mission and vision. Strategies set the stage for decisions on budget, resources, and timeframes.

Subclass: Shows where resources were used and spending occurred. It shows who benefited from the work.

Tax Levy: The amount of money to be raised by the imposition of property taxes. See Section VIII.

Transfers: The movement of money from one fund to another.

Transportation Worker Identification Credential (TWIC): The Transportation Worker Identification Credential, also known as TWIC®, is required by the Maritime Transportation Security Act for workers who need access to secure areas of the nation's maritime facilities and vessels. It is a tamper-resistant biometric identification card system established through the U.S. Congress Maritime Transportation Security Act (MTSA) and administered by the Transportation Security Administration (TSA) and U.S. Coast Guard. TSA conducts a security threat assessment (background check) to determine a person's eligibility and issues the credential. U.S. citizens and immigrants in certain immigration categories may apply for the credential. Most mariners licensed by the U.S. Coast Guard also require a credential.

Twenty-foot Equivalent Unit (TEU): The international standard of measurement for the container volume that moves through the Port. One forty-foot container is equivalent to two TEUs.

Vacancy Factor: A percentage applied to total payroll to account for potential turnover and delays in hiring to depict a more accurate estimated payroll budget.

Values: Principles, standards, characteristics, or qualities held in high positive regard by an individual or group. They are often used to guide day-to-day actions.

Variances: The difference between "actual" and "budget" amounts for revenues and for expenses, which could be either favorable or unfavorable.

Favorable Variance: This is a positive variance, and it exists when, in a given period:

- Revenues: Actual revenues are higher than budgeted revenues.
- Expenses: Actual expenses are lower than budgeted expenses.

Unfavorable Variance: This is a negative variance, and it exists when, in a given period:

- Revenues: Actual revenues are lower than budgeted revenues.
- Expenses: Actual expenses are higher than budgeted expenses.

Vision: A word picture or brief statement of what the organization intends to become or how it sees itself at some point in the future.

I. ACRONYMS AND ABBREVIATIONS

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

Appendices

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

Appendices

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

Appendices

STS	Satellite Transit System
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SWT	State of Washington Tourism
SWU	Storm Water Utility
USCG	United States Coast Guard
USDA	United States Department of Agriculture
TEU	Twenty-foot Equivalent Unit (shipping container)
TSA	Transportation Security Administration
TWIC	Transportation Worker Identification Credential
UBC	Uniform Building Code
WASPC	Washington Association of Sheriffs and Police Chiefs
WMBE	Women and Minority Business Enterprises
WSCC	Washington State Convention Center
WSDOE	Washington State Department of Ecology
WSDOT	Washington State Department of Transportation
WTC	World Trade Center
WPPA	Washington Public Ports Association



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