The Northwest Seaport Alliance 2025 Budget



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

In June 2024, Inbound Logistics magazine named The Northwest Seaport Alliance in its annual list of “Green 75” supply chain partners. This is the eighth consecutive year that the NWSA has been recognized for its environmental programs and commitment to sustainability.

The Northwest Seaport Alliance joined Green Marine in 2016 and has maintained its continued improvement every year since becoming a member. Green Marine is a voluntary marine industry initiative with the goal of achieving levels of environmental performance that exceed regulatory requirements in areas such as air emissions, greenhouse gases, cargo waste management, community impacts (noise, dust, odors, and light), water and land pollution prevention and environmental leadership. There are currently more than 100 ship owners, port authorities, terminals, and shipyards from coast to coast, in Canada and the United States, participating in the program.

In 2024, the Northwest Seaport Alliance (NWSA) was selected as the leading West Coast port in the 41st Annual Quest for Quality Awards by Logistics Management. The NWSA received the highest overall rating among West Coast ports with top scores in the Ease of Doing Business, Intermodal Network and Value categories.

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THE NORTHWEST SEAPORT ALLIANCE
Gateway to Solutions
nwseaportalliance.com

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

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Staff is pleased to present the 2025 Northwest Seaport Alliance (NWSA) Budget. This document outlines the NWSA's overall goals and strategies as well as the business environment in which we operate. It highlights the strategic investments that will deliver competitive financial results, build infrastructure in an environmentally sustainable manner, and create jobs and economic wealth in the Puget Sound region.

In 2024, cargo volumes rebounded along the U.S. West Coast, and congestion at Canadian terminals contributed to increased containerized cargo in our gateway. The strategic opening of Terminal 46 to support the NWSA auto business has diversified our cargo in the Seattle harbor.

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

The NWSA is an environmental leader in reducing maritime-related air emissions in the Puget Sound. While we create significant economic activity and family wage jobs across the state, we do so while maintaining a focus on environmental stewardship, installing shore power on our terminals, launching a zero-emissions truck collaborative, and utilizing state-of-the-art stormwater systems at our facilities. The NWSA is leveraging significant federal and state grant funds awarded in 2024 to strengthen key environmental initiatives.

Together, NWSA and our customers' business activities generate more than 21,000 direct jobs and $0.8 billion of business output based on the most recent study released in 2021 from 2020 data.

The current NWSA's Strategic Business Plan includes:

- Improve the efficiency and cost competitiveness of the supply chain
- Enhance NWSA, local and regional transportation infrastructure
- Advance the NWSA's market position in the international and domestic shipping industry
- Increase revenue through growth and diversification
- Advance environmental stewardship

The NWSA is well positioned for future growth. Our infrastructure investments, coupled with our commitment to environmental leadership, will solidify our position as a premier North American port. Our team remains dedicated to responsible financial practices, operational excellence, and fostering economic prosperity throughout the region.

John Wolfe
Chief Executive Officer

Budget Document Overview

The Budget Document consists of these major sections:

I. Overview*:* This section provides information about the NWSA's facilities and customers. It examines the economic context of the NWSA's operating environment and outlines the NWSA's organizational structure.

II. Budget Message*:* This includes an overview of the budget challenges and opportunities, revenue types and expenditures. The Budget Message outlines the priorities and issues for the budget year and describes changes from the previous year.

III. Business Outlook*:* This section describes the NWSA's overall goals and strategies. It includes assumptions, potential obstacles and trends that staff used to develop the forecast. These serve as the foundation for the Operating Budget.

IV. Operating Budget*:* This section provides a summary of the assumptions that form the basis for the NWSA's operating budget. This section includes the operating budget with revenue and expenses by line of business, and details of expected operating costs. This section also provides a five-year financial forecast for the alliance.

V. Five-Year Capital Investment Plan (CIP)*:* The CIP consists of all capitalized and expensed projects that the NWSA plans to complete in the next five years. Capitalized projects affect the NWSA's Profit and Loss statement through depreciation while expensed projects flow directly to the NWSA's net income in the year the expenses are incurred. This section provides details on the CIP including the impact of the capital spending on profitability.

VI. Environmental Stewardship and Planning: This section provides a historical context for the environmental challenges facing our gateway and the surrounding communities. This section also discusses the role of the NWSA Planning and Logistics department and its work to integrate land use, transportation and facilities planning into the alliance.

I The Northwest Seaport Alliance Overview

Marine Cargo Operating Partnership

The Northwest Seaport Alliance (NWSA) was formed when the ports of Seattle and Tacoma joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region.

NWSA Strengths and Advantages

Located in the Pacific Northwest in Washington state, the NWSA offers short transit times between the US and Asia, and the terminal and landside infrastructure necessary to quickly move cargo to the U.S. Midwest. NWSA strengths and advantages include:

- One gateway, two harbors and multiple terminal facilities offering more choices for shippers using the gateway.
- Naturally deep-water harbors and marine terminals with big-ship handling capabilities.
- Vessel service from the international container shipping alliances and all major international container carriers. In all, fifteen international and four domestic container carriers make regular port calls at NWSA facilities.
- Dual service from the two West Coast transcontinental railroads (UP, BNSF) with competitive transit times to Chicago and other major Midwest markets.
- Excellent on-dock rail facilities and inland rail service. Two domestic rail operators.
- Close proximity to the second largest concentration of warehousing on the West Coast.
- Over 100 transload warehouses supplying logistics services to shippers using the gateway, many rail-served.

International & Domestic Trade

The NWSA ranked 58th among the world's top container gateways and was the seventh-largest gateway for containerized cargo in North America in 2023. Retention and growth of cargo volumes shipped between Asia and major distribution points in the Pacific Northwest, Midwest, Ohio Valley, and the East Coast is a primary focus for the alliance. The NWSA also has a very active trade with Alaska and Hawaii.

The NWSA is a major center for bulk, breakbulk, and project cargoes. The NWSA is also the Northwest home port for processing KIA, Mazda, and Mitsubishi automobiles and trucks while The Port of Tacoma has a separate facility, managed by the NWSA, that processes Hyundai, Nissan, and Volvo vehicles.

The value of NWSA's two-way international trade totaled more than $70.7 billion in 2023. Imports were $57.4 billion, and exports were $13.3 billion. Through July 2024, the two ports handled roughly $38.6 billion of international trade. Based on dollar value, China (including Hong Kong) was the NWSA's largest trading partner. Other major international trading partners include:

- Japan
- South Korea
- Vietnam
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Philippines
- India

Seattle-Tacoma is recognized as "The "Gateway to Alaska"; with more than 80 percent of trade between Alaska and the lower 48 states handled at the two harbors. In 2023, 3.1 million metric tons of domestic cargo was shipped between Alaskan ports and NWSA terminals. Matson, TOTE Maritime Alaska, Northland, and Alaska Marine Lines are the primary shipping lines plying the Alaska trade. Trade with Alaska is estimated at $5.4 billion, making it NWSA's fifth largest trading partner based on value of trade. The NWSA also provides connections to Hawaii with service from Matson and Aloha Marine Lines.

Port of Seattle & Port of Tacoma

The Port of Seattle was created September 5, 1911, in an effort by citizens to ensure public ownership of the Seattle harbor. The Port of Seattle was the first

autonomous municipal corporation in the United States specifically tasked to develop harbor and port facilities to encourage commerce. The Port opened Fishermen's Terminal in 1914, its first warehouse in 1915 and began working on the creation of Harbor Island.

The Port of Tacoma was created on November 5, 1918, by Pierce County voters to create job opportunities through trade and promote economic development in Pierce County and the state of Washington.

The Port of Seattle and the Port of Tacoma's geographic boundaries lie within King and Pierce counties, respectively. They are situated on Elliott and Commencement bays in Puget Sound. Because of this strategic location, they offer efficient connections to sea, rail, highway, and air transportation networks.

King and Pierce Counties

King and Pierce counties are the first and second most populous metropolitan areas in Washington. The two counties represent a combined population of approximately 3.2 million or 41% of the population of the state of Washington.

Located about halfway between the Oregon and Canadian borders, King and Pierce counties cover 3,916 square miles.

Ports' Economic Impact

The ports serve as a major economic engine for Pierce County, King County, and the state of Washington, creating thousands of family-wage jobs and serving as a catalyst for economic development.

In 2021, the NWSA updated results from a joint economic impact study of the marine cargo activities of the North and South Harbor. According to the updated study ranging from 2017 to 2020, in 2020 marine cargo activities directly supported 21,800 jobs in Washington state and contributed $7.8 billion in total business output, down from 2019 volumes due to the pandemic. On average, cargo-handling and leasing activities generated more than $136 million in local and state taxes in Washington each year.

NWSA Facilities and Services

The ports have licensed to the NWSA facilities related to maritime commerce, including facilities for handling containerized cargo, automobiles, logs, breakbulk cargo, heavy-lift and project cargoes, and intermodal rail operations. The NWSA's four major waterways – two in Seattle and two in Tacoma – provide 33 ship berths on waterways that are about 51 feet deep. The NWSA facilities are located near I-5 and I-90, providing highway access to the Puget Sound market and beyond.

BNSF Railway and the Union Pacific Railroad serve the NWSA's nine on-dock and near-dock intermodal rail yards. The NWSA's intermodal rail facilities help save shippers and shipping lines both time and money for cargo destined for Midwest locations.

In Tacoma, Tacoma Rail, a division of Tacoma Public Utilities, provides switching and terminal rail service. Arrival and departure tracks help ensure efficient and reliable access to the mainline railroads.

The NWSA is both a landlord and an operating port. The NWSA's maritime marketing efforts focus on attracting cargo and additional shipping lines to its facilities. The NWSA also works with charter shippers and others to move their cargoes through both NWSA and customer-operated facilities in the Puget Sound.

Many of the two home ports' efforts are focused on industrial development and real estate. They each work to attract major manufacturers and warehouse/distribution centers to King and Pierce counties.

See Figures 1-1 and 1-2 for an overview of The Northwest Seaport Alliance facilities.

The Northwest Seaport Alliance governance

The NWSA was established as a Port Development Authority (PDA), separate from the two home ports, like Public Development Authorities formed by cities and counties. In 2015, the ports successfully sought and received an amendment to Washington law RCW 53 that allows the ports of Tacoma and Seattle to form a PDA for management of maritime activities.

The NWSA is governed by the two ports as equal members, with each port acting through its elected commissioners. Each Port Commission is a Managing Member of the NWSA, with each Managing Member being represented by its Port

Commission. Votes by the Managing Members require a simple majority from each commission.

Each port remains a separate legal entity, independently governed by its own elected commissioners. Each port has granted the PDA a license for the PDA's exclusive use, operation, and management of certain facilities, including the collection of revenues. Ownership of the licensed facilities remains with the ports, not the PDA.

The ports remain responsible for their own debt and debt service; the PDA will not borrow funds.

The ports set up an initial 50/50 investment in the PDA; operating income is reported, and cash is distributed back to the ports on a monthly basis. The PDA has its own annual operating budget and five-year capital investment plan.

The ports contribute to capital construction subject to Managing Members approval; capital funding does not come from working capital generated by the NWSA.

NWSA Managing Members

The Managing Members are the commissions for each of the two home ports. The citizens of Pierce and King counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle. Each Commission seat is elected every four years, on a staggered basis.

The Managing Members are the final authority for approval of the NWSA's annual budget, long-term leases, policies, long-range development plans, and all construction projects and spending in amounts exceeding the authority of the Chief Executive Officer.

The members of the commissions at the time of this publication are:

Port of Seattle
- Ryan Calkins
- Sam Cho
- Fred Felleman
- Toshiko Hasegawa
- Hamdi Mohamed

Port of Tacoma
- Kristin Ang
- Deanna Keller
- Dick Marzano
- John McCarthy
- Don Meyer

NWSA Managing Members Meetings

Managing Member meetings are open to the public and are held at various locations in both King and Pierce counties and online.

For the location and agenda for upcoming Managing Member meetings, as well as minutes for previous Managing Member meetings, visit www.nwseaportalliance.com.

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

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

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

Organizational Structure

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

Executive Team

The Executive Team is comprised of the following positions:

- Chief Executive Officer (CEO)
- Deputy CEO
- General Counsel
- Chief Commercial and Strategy Officer
- Chief Financial Officer
- Chief Operations Officer
- Sr. Director of Engineering
- Sr. Director of Environmental/Planning Programs
- Sr. Director, NWSA Real Estate
- Director of Communications
- Director, Government Affairs, Public Affairs
- Director, Business Development

The Executive Team oversees all business activities and departments, and with the Managing Members,

provides long-term strategic direction. The Executive Team ensures compliance with all regulations relevant to NWSA and port activities, including public meetings and information, environmental protection, labor relations, procurement, security, financial management and other issues. The Chief Operations Officer, Sr. Director of Engineering and Sr. Director of Environmental Programs provide day-to-day management of some port staff working on both Port and NWSA-related items.

Commercial Group

Led by the Chief Commercial and Strategy Officer, the Commercial Group is comprised of the Container Cargo Business Development team, the Non-Container Business Development team, the Marketing & Business Services team, and the Real Estate team.

Business Development Teams: International and domestic container, breakbulk, and bulk cargo are core business segments for the NWSA. The Container Cargo Business Development and Non-Container Cargo Business Development teams are responsible for cargo and terminal business development and management, and delivering customer service to ocean carriers, marine terminals, and shippers. The Business Development teams play an important role coordinating efforts across the entire supply chain, including customers, terminal facilities, railroads, and trucking companies. These teams, in cooperation with the Operations Team and our customers, identify and implement operational improvements to enhance the overall efficiency at the NWSA's terminals.

The gateway's on-dock and near-dock intermodal rail yards, along with international and domestic rail services to the U.S. Midwest, are key assets and an integral part of the NWSA businesses. Relationship management with Tacoma Rail, BNSF, and Union Pacific (UP) and other rail stakeholders is a key function of both the Container and Non- Container teams.

While the Container Cargo Business Development Team is focused on both the domestic and international container cargo trade, the Non-Container Cargo Business Development team is focused on the robust non-container business. Comprised of breakbulk (Roll-on/Roll-off, also known as RoRo), Military, bulk and auto cargoes, these non-container segments contribute to revenue and further diversify the gateway's business portfolio. Also, the NWSA's Tacoma Harbor is designated as a strategic military port for transporting military cargoes.

Auto customers of the NWSA include KIA, Mazda, and Mitsubishi. Automobile imports are processed on property leased by Auto Warehousing Company (AWC), the largest auto processor on the U.S. West Coast. The Port of Tacoma has a separate auto facility leased by Wallenius Wilhelmsen Solutions, which processes Hyundai, Nissan and Volvo imports.

Exports of petroleum products and molasses add to the diversified cargo mix.

The NWSA offers competitive rates and full service to all customers. To help facilitate and grow the cargo business, the NWSA has trade and business development representation in China, Vietnam, and Korea.

Marketing and Business Services Team: This team supports the Business Development team and is responsible for market research and business intelligence and analysis, marketing, and advertising activities. It also supports the goals of the Commercial Group with cargo volume tracking and volume forecasting services.

Real Estate Team: Non-terminal industrial and commercial properties and facilities in the Seattle and Tacoma harbor are included in the assets assigned to the NWSA. These properties are a significant source of revenue for the NWSA. Real estate personnel are responsible for leasing, divesting and managing the Port's real estate portfolio.

Located in an industrial zone with room for growth, tenants offer a broad range of services for the NWSA's international and domestic customers including warehousing and distribution, manufacturing and marine services.

Operations Group

The Operations Group, responsible for the daily operations of NWSA facilities at both ports, consists of two departments.

The Operations Service Center Department coordinates vessel arrivals and departures, and with the associated stevedores monitors cargo flow in the container terminals. The major focus is to ensure the proper processing of all vessels and freight shipments

moving through the Puget Sound gateway.

The Port Operations Department manages labor at the North Intermodal Yard and breakbulk terminals. This department is also responsible for providing customer service to non-container customers. The NIM is the only port-operated intermodal yard on the U.S. West Coast with dedicated rail services personnel. Both harbors offer competitive rail service via BNSF Railway and the UP Railroad and are a major gateway for handling discretionary cargo destined for the Midwest.

Environmental/Planning Group

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

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

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

Support Services

Support services such as maintenance, security, government affairs, communications, engineering, environmental programs, planning, and financial services are provided by NWSA staff and / or service agreements between the alliance and the two ports. Costs for these services are charged by the ports to the alliance based on agreed upon methodologies including direct charge and purchased services.

Commitment to Fiscal Stewardship

The NWSA is intended to support the credit profiles of both ports, and its financial framework is intended to preserve both ports' commitment to financial strength and fiscal stewardship.

Both ports have a solid record of accomplishment of prudent financial management and strong financial results, including solid debt service coverage and ample liquidity balances.

The ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. Outstanding bonds will remain obligations of each individual port.

To maintain the rights of each port's existing bondholders, the charter prohibits the NWSA from issuing debt.

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



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

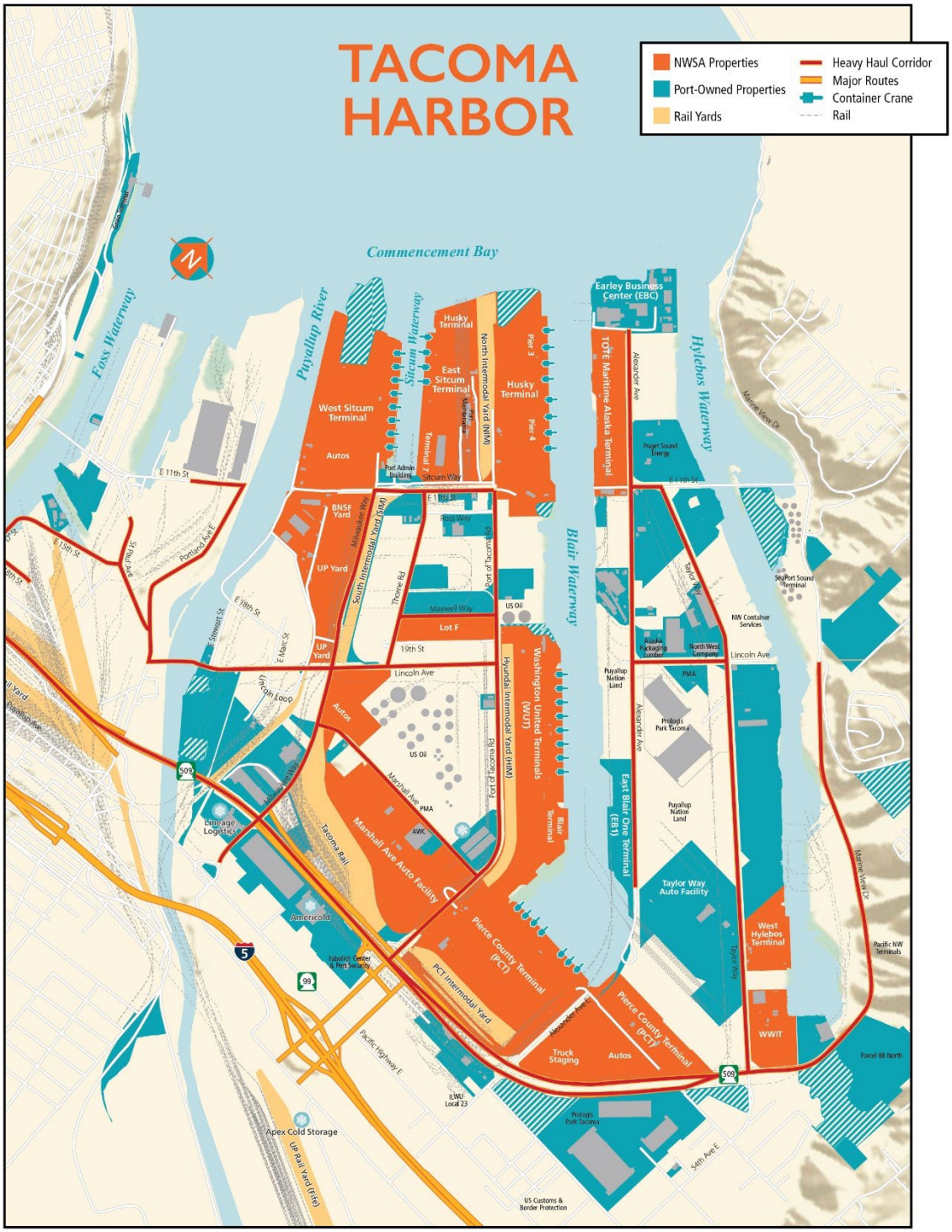
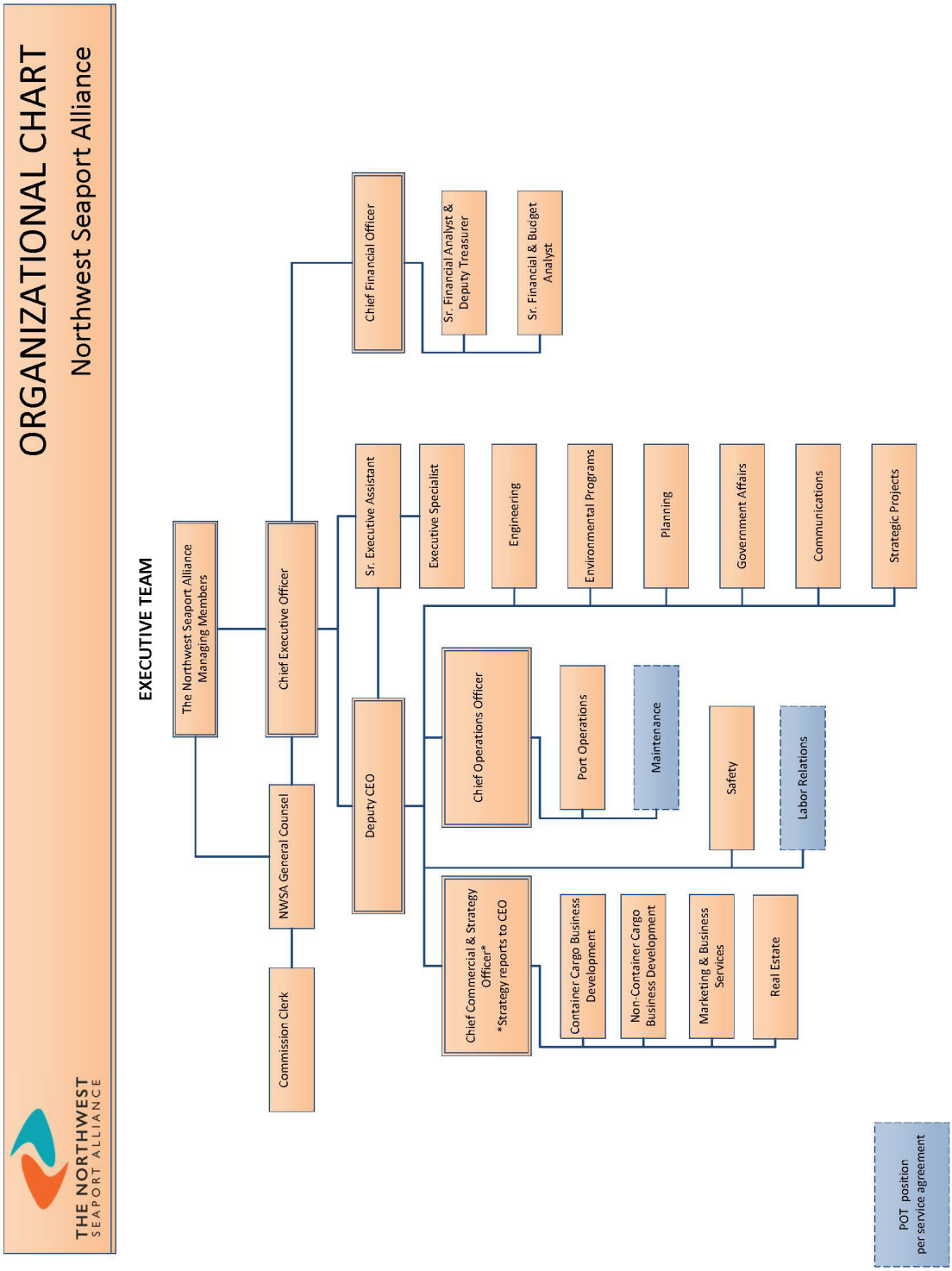


Figure I-3.... The Northwest Seaport Alliance Organizational Chart



II Budget Message

NWSA Mission

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

NWSA Vision

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

NWSA Values

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

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

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

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

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

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

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

NWSA Goals

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

1. **Commercial Initiatives**
   a. Complete modernization of T5 backlands in the Seattle Harbor to meet future container industry demand, increase throughput, and position the gateway strategically.
   b. Maximize gateway cargo potential and diversification and enhance supply chain networks. Facilitate terminal densification to increase cargo throughput.
   c. Evaluate incentive programs to increase market share.
   d. Engage in US Coast Guard expansion decision to maximize industrial lands in the Seattle harbor.

2. **Gateway Operations**
   a. Enhance cargo and transportation (waterway, roadway, and rail) efficiencies within the gateway to drive improved service delivery.
   b. Enhance and improve service delivery key performance indicators (KPIs) with a move toward real-time reporting and analytics.
   c. Support port-area infrastructure investments that support the efficient flow of cargo to and from NWSA facilities.
   d. Work with third party vendors and key stakeholders to enhance data visibility in a sustainable and fiscally responsible manner.
   e. Explore NWSA operations of off-dock terminal.

3. **Financial Performance**
   a. Effectively manage operating activities to deliver expected financial results.
   b. Maximize use of grants and other external funding.

4. **Environmental Stewardship**
   a. Continue to implement the NW Ports Clean Air Strategy and the associated 5-year Clean Air Implementation Plan.
   b. Continue and strengthen efforts to work with marine terminal operators, drayage service providers, railyard operators, and other supply chain partners to reduce air and climate emissions from vessels, vehicles, equipment, and seaport operations.
   c. Continue to engage in international efforts to advance cleaner shipping, including the creation of "green corridors" with major trade partners.
   d. Continued focus on best-in-class water quality treatment and best management practices at NWSA and tenant run facilities. Provide input on all state and federal Industrial stormwater regulations that support sound science, clean water and cargo operations.

5. **Facilities Development**
   a. Effectively manage completion of all development projects on-time and within budget.
   b. Support emergent business opportunities requiring facilities improvements.
   c. Advance redevelopment strategies for existing terminals, including rehabilitation and shore power.

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

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

8. **Organizational Performance**
   a. Engage and participate in Diversity, Equity and Inclusion (DEI) training.
   b. Continue development and implementation of human resource applications that enhance the business and provide a competitive advantage.

Budget Environment

The NWSA operates principally in two industries: terminal services and property rentals. Terminal services involve marine-oriented services including dockage, cargo-handling, storage and related activities. Property rentals include facilities and land used for container terminals, industrial activities, and storage.

As described in further detail in Section III, increased competition from Canadian ports as well as ports located on the U.S. West, Gulf and East coasts, has negatively impacted container market share for the Puget Sound gateway. The expansion of the Panama Canal and access via the all-water route to the Gulf and East coasts offers an alternative for US-bound shipments. While the pandemic driven market demand resulted in high utilization of our terminals, NWSA staff continue to work on future projects to retain and grow our market share.

Revenues

The NWSA has both fixed and variable revenue streams. The majority of NWSA's revenue comes from fixed revenue streams, primarily from leased properties. The leased properties are mainly container terminals, buildings, and industrial and commercial land. The NWSA's container terminal leases with shipping carriers can last 20 years or longer depending on carrier requirements. Building and land leases with more than one-year remaining are considered fixed. Minimum crane hours and minimum intermodal lift requirements specified in certain terminal leases are considered fixed.

The balance of NWSA revenue comes from variable services provided to customers. These services include intermodal lifts for railcar loading above specified minimums and per unit charges for automobile unloading and breakbulk cargo. Variable revenues also include equipment rental hourly for crane hours above specified minimums and on

straddle carriers used by terminal leaseholders, and month-to-month building or land leases.

GASB 87: GASB 87 move a significant amount of revenue from Operating Revenue to non- operating revenue. For clarity and to avoid confusion, the impact of GASB 87 will not be incorporated into this budget document.

2025 Budget

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

NWSA financial performance reflects the investments it is making to successfully complete our customer commitments while meeting the NWSA financial goals. The operating and capital budgets are based on the cargo forecast in Section III.

Capital Investment Plan Highlights

NWSA projects for the next five years reflect a focus on strategic container terminal development in both harbors. With this focus the NWSA has reviewed potential assets for revenue generation to ensure that financial and economic growth goals are met.

Major 2025 - 2029 capital projects include:

Seattle Harbor

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

Tacoma Harbor

- Husky terminal expansion
- Rebuild of Wapato Creek culvert
- Modernize terminal 7D
- Maintenance dredging at various terminals
- Design of shore power systems at PCT and WUT
- Ongoing maintenance of facilities

Both Harbors

- Clean air and stormwater investments
- Asset preservation projects such as paving and fender repairs
- Maintenance dredging at multiple terminals in both harbors

The NWSA's 2025 Capital Investment Plan of $169.8 million represents the first year of the NWSA's 2025 - 2029 CIP – a package totaling $481.3 million in new projects and investments. See Section V for additional details on the Capital Investment Plan.

Financial Measures

Financial measures for the NWSA have been developed to monitor financial performance. The two measures are (1) Net Distributable Cash and (2) Return on Revenue (operating income divided by revenue). These measures help ensure that the NWSA is providing the necessary financial performance required by each home port.

Legislative Impact

Transportation Funding

The NWSA relies on an efficient and well-maintained road and rail network to ensure the smooth movement of cargo to and from its facilities.

The Washington Legislature made a significant commitment to infrastructure in 2015, passing the 16-year, $16 billion statewide *Connecting Washington* transportation package. An estimated $3.3 billion of those funds will be invested in projects benefiting NWSA terminals. In 2022, the Legislature passed the *Move Ahead WA* transportation package, which contained an additional $468 million to address financial shortfalls in some of the port-related projects contained in *Connecting Washington.*

In 2021 Congress passed the Infrastructure Investment and Jobs Act (IIJA), a $1.2 trillion infrastructure funding bill. The IIJA includes over $5 billion over five years exclusively for port projects and $20.5 billion for three other major discretionary grant programs to help fund multimodal infrastructure.

The IIJA funds will assist the NWSA in making strategic investments in mission-critical freight infrastructure, such as marine terminals, roads and rail. In 2020 the NWSA received our first award under the Port Infrastructure Development Program (PIDP), a $10.7 million grant for the final phase of the T5 modernization program. In

2021, Port of Tacoma received $15.7 million for the Off-Dock Container Support Facility, which will support cargo movement through NWSA terminals. NWSA received a $17 million PIDP grant in 2022 for gate improvements and a yard expansion at Terminal 5. In 2023, The NWSA received a $54.2 PIDP grant for the Husky Terminal Expansion project. In 2024 the NWSA was awarded a PIDP grant of $11.6 million for the Pierce County Terminal Efficiency project.

In addition, in 2022 Congress passed the Inflation Reduction Act. The bill includes $3 billion over five years to establish a new grant program for zero-emissions port projects that will support the NWSA's clean air programs. NWSA is aggressively pursuing this funding.

NWSA has a substantial planning process to identify additional candidate projects for these new funding opportunities.

Shore Power Infrastructure Funding

Through the 2020 update to the Northwest Ports Clean Air Strategy, the NWSA established an aspirational goal to install shore power at its major international container terminals by 2030. In support of this goal, shore power has previously been installed at TOTE Terminal and Terminal 5. The NWSA has also begun construction on a shore power system at Husky Terminal, with construction completion by the end of 2024, and is designing a shore power system for Terminal 18, Pierce County Terminal, and Washington United Terminal.

The NWSA has leveraged a number of sources of external funding to support the shore power installations that are underway. The NWSA has accepted a $1 million DERA grant from the EPA, a $1 million grant from the TransAlta Coal Transition grant fund, and a $1.1 million state Volkswagen settlement grant from the Washington State Department of Ecology to support the Husky shore power project. Additionally, the NWSA has received a $2 million grant from the Washington State Department of Ecology to support the design and construction of a shore power system at Terminal 18. The alliance has secured two allocations of $14 million each for a total of $28 million from the State transportation budget for construction of the project.

The NWSA continues to plan for future shore power installations, ensure that terminal designs and redevelopments include shore power, and pursue additional opportunities to leverage external funding to support shore power installations. Planning work associated with future shore power projects will allow the NWSA to accurately account for them in the Capital Investment Program and position the organization well to apply for external funding.

Navigation Improvement Projects

The largest container vessels calling West Coast ports today have over two times the capacity of those that called just five years ago. While channels serving Seattle and Tacoma are mostly -51 feet or deeper, some shallower spots present navigational and safety challenges for these larger vessels. To remain a competitive trade gateway, the NWSA is deepening berth areas and working with the ports of Seattle and Tacoma to deepen the navigation channels that serve its facilities in both harbors. These projects will enable the NWSA to handle fully laden ships larger than 18,000 TEUs.

In 2018, the U.S. Army Corps of Engineers (USACE) completed a chief's report recommending deepening in specific areas adjacent to the NWSA's container terminals in Seattle Harbor. Congress subsequently authorized the project in 2018 and the full amount required to deepen the West Waterway portion of the project has been appropriated. Design commenced in earnest when the Port of Seattle signed the design agreement with USACE in Fall 2023.

Additionally, after completion of a feasibility study in 2022, Congress authorized a project to deepen the Blair Waterway, which serves NWSA's three international container terminals in Tacoma. Congress funded the first year of design in FY23. The design agreement between the Port of Tacoma and USACE was signed in December of 2023 and design is underway.

The ports of Seattle and Tacoma have included funding needed to complete the design phase for both projects in 2026. When the deepening projects move to construction, it also will require a local financial match of federal dollars, which will come from the Port of Seattle and Port of Tacoma.

Harbor Maintenance Tax (HMT)

The HMT is assessed on ocean-going international imports that land at U.S. ports to pay for maintenance dredging of waterways through the Harbor Maintenance Trust Fund. It is not, however, assessed on importers who route cargo through non-U.S. ports and afterwards

move the cargo into U.S. markets by land. Moreover, the NWSA has received little, if any, benefit from the fund because its facilities are located on natural deep-water harbors that do not require significant maintenance dredging. Since 1986 the ports of Seattle and Tacoma have sought reform of the HMT to provide a greater return to donor ports, such as the NWSA, and to ensure U.S. tax code does not disadvantage U.S. ports and maritime cargo.

A longstanding goal was achieved in December 2020 when Congress passed comprehensive HMT reform legislation as part of the Water Resources Development Act (WRDA) of 2020. The bill sets aside 8% of annual HMT collections for donor ports like Seattle and Tacoma. This donor port provision was finally implemented in the USACE FY24 Work Plan. In 2024, the ports of Seattle and Tacoma received $25 million and $28.9 million respectively. Annual amounts will vary based on the amount of HMT received and the amount collected over a three-year time period. These funds will be used by the NWSA or home ports to fund eligible infrastructure projects to enhance the competitiveness of our cargo operations.

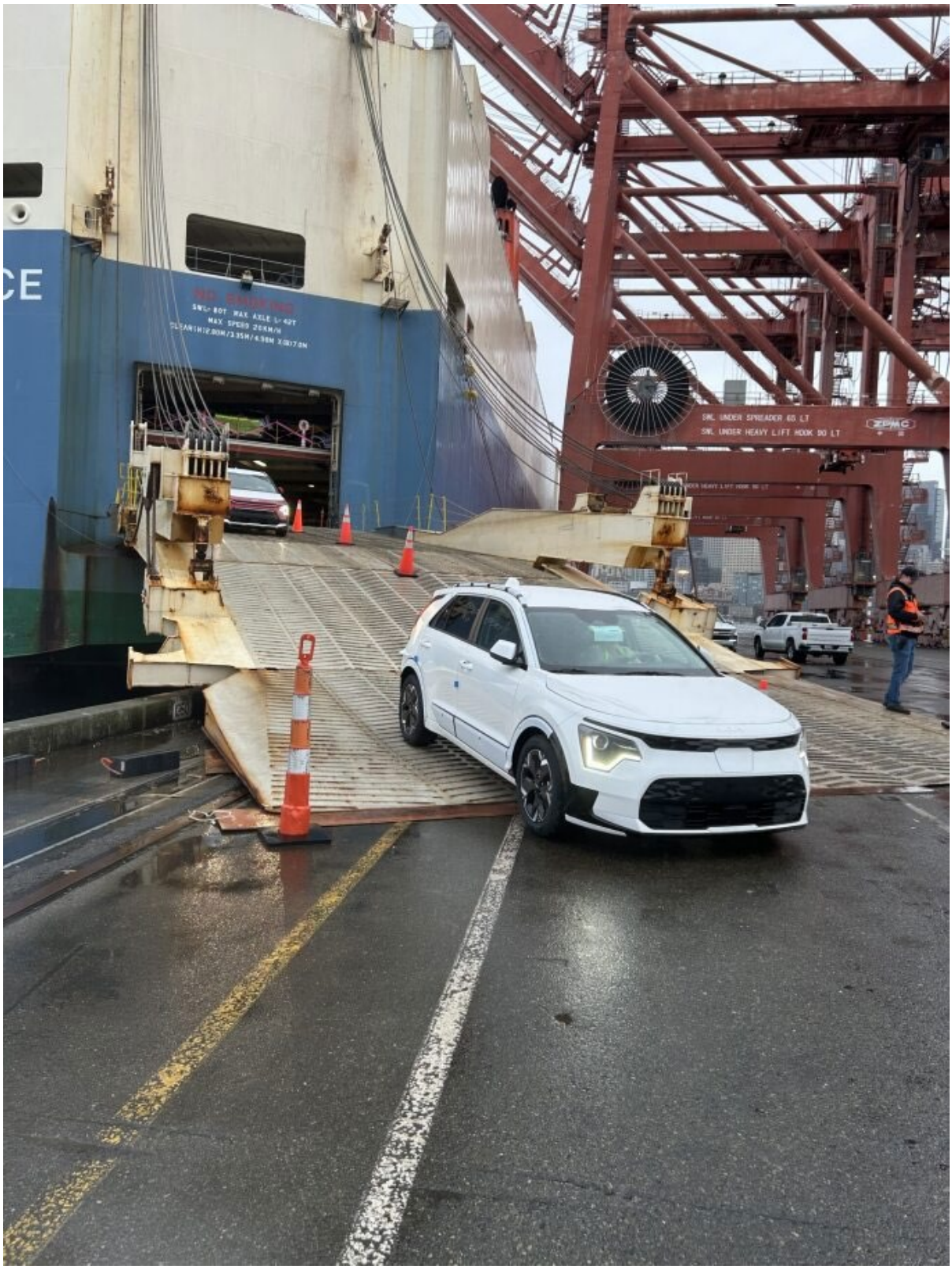
Conclusion

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

The NWSA is focused on maximizing the use of existing facilities, working with existing customers to keep them competitive and successful, attracting new business and making strategic infrastructure investments such as the construction of world class terminals in both harbors that position the gateway for long-term growth. Through coordinated investments in maritime assets, the NWSA will help ensure the growth in the flow of cargo throughout the Puget Sound.

The NWSA is placing increased emphasis on the importance of developing and strengthening relationships with labor partners, industry stakeholders, customers, local, state and tribal governments and near-port communities to collaboratively achieve its future vision. This vision includes the road and rail infrastructure that ties the whole supply chain system together.

Despite the challenging realities of today's global economy, NWSA management is confident that the plans outlined in this budget will help the gateway remain financially strong, competitive, and successful.



Auto vessel discharge at Terminal 46.

III Business Outlook

U.S. Economy

According to the Department of Commerce Bureau of Economic Analysis (BEA), real gross domestic product (GDP), defined as the value of the production of goods, increased 3% in the second quarter of 2024 and 1.4% in the first quarter of 2024. BEA said, "*The increase in real GDP primarily reflected increases in consumer spending, private inventory investment, and nonresidential fixed investment*."

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

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

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

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

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

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

Shipping Industry

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

The U.S.- China trade war and the pandemic, which caused importers to accelerate efforts to shift sourcing and production to countries in SE Asia or use a "China + 1" strategy to diversify the risk associated with being solely reliant on China, continues to be felt. There has been a corresponding increase in manufactured imports from Vietnam and other SE Asian economies. In many cases, origin and transshipment ports in SE Asia are geographically closer (and transits shorter) to the U.S. East Coast, which may result in a partial shift of Asian import volume away from west coast ports. With that said, it will take some time before these countries can compete with the infrastructure and skilled labor China offers. Russian's invasion of the Ukraine and the conflict in the Middle East continue to inject uncertainty and risk to supply chains. Climate-related weather conditions in the Panama Canal (drought) and North America and have impacted transportation by ocean and rail.

Alliances have concentrated capacity in fewer hands, allowing ocean carriers to exercise greater control over capacity on major trade lanes through coordinated changes to vessel sailings, schedules, and transit times. In 2024, the composition of carriers that make up the various shipping alliances:

- Ocean Alliance – CMA CGM, COSCO Shipping, Evergreen, OOCL
- THE Alliance – Hapag Lloyd, Yang Ming, Ocean Network Express (ONE), HMM
- Major Independent Carriers – Maersk, MSC, Swire (Westwood), Swire/UWL, Hamburg Sud, and SM Line.

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

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

Northwest Seaport Alliance Activity

Containers:

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

NWSA container volume is projected to increase in 2024 and 2025 in part a result of Swire Shipping/UWL's planned transition of their biweekly Sun Chief service to weekly. The impact of volumes from the Gemini Cooperation and newly formed Premier Alliance are unknown. Continued inflation and high interest rates, which reduce consumer spending, could negatively impact the forecast. Competition from ports in British Columbia, Canada, and other North American gateways or a protracted decline in global trade due to increased trade friction or other geopolitical events could limit container volume. In addition, near sourcing from Mexico, which faces issues, could also have an impact.

Breakbulk:

Breakbulk cargo is comprised of commodities too large or heavy for containerized shipment. In the case of The Northwest Seaport Alliance, this consists largely of building materials, heavy machinery, boats, and agricultural and construction equipment. Breakbulk tonnage (both harbors and includes military) is estimated to reach approximately 475K metric tons in 2024, followed by growth in 2025.

Autos:

NWSA/POT auto units for 2024 are forecasted to reach 356K units. 2025 volumes are expected to grow to 366K units.

Logs:

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

Molasses & Petroleum:

Petroleum volumes are forecasted to be 824K metric tons in 2024 with conservative growth in subsequent years. Molasses volumes are forecasted to be 31K metric tons in 2024 with slight growth thereafter.

THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST

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

* Intermodal Lifts Reported for South Harbor only



John Deere tractors imported and resting on East Blair 1 Terminal.

IV Operating Budget

Overview

The NWSA operating budget revenue is based on cargo volume forecasts (see Table III-1), existing terminal and property leases and contractual and tariff-generated revenue. Operating budget expenses were projected based on historical information, as well as levels of expenditure required to support the increases in revenue.

From this information, NWSA staff prepared a realistic budget that supports both the strategic priorities and financial goals of the NWSA.

Departmental budgets estimate expenses that will be generated in support of the NWSA and its businesses. Expenses fall into one of five categories: Administration, Operations, Security, Environmental or Maintenance. Administration expenses are incurred in the day-to-day management of the NWSA. Operations and Maintenance expenses support the day-to-day management of business activities. Security support is provided by each home port. Environmental expenses are a subset of overall environmental spending, and include clean air and clean water activities, and close coordination with each home port on compliance and monitoring activities.

Business budgets are projections of revenues earned and expenses incurred in the operation of a particular business line. In addition, the NWSA expects to receive funds from other sources including user fees, and investment earnings.

Although capital project spending is planned within the capital budget, capital projects will impact operating budgets for future years through new sources of revenues and increased operating expenses and depreciation costs.

Nature of Business

Washington law authorizes ports to provide and charge rents, tariffs and other fees for docks, wharves, and similar harbor facilities, including associated storage and traffic-handling facilities for waterborne commerce. Ports also may provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. Finally, ports may acquire and improve lands for sale or lease for industrial or commercial purposes and may create industrial development districts.

The NWSA is a joint venture that operates with the two ports as enterprise funds, allowing the NWSA and the ports to operate in much the same manner as a private business. Operating revenues are comprised of charges to its customers to cover costs associated with the service provided and to support investment in future projects.

Balanced Budget

Based on the Government Finance Officers Association (GFOA) Recommended Budget Practices, a balanced budget "is a basic budgetary constraint intended to ensure that a government does not spend beyond its means."

The NWSA defines "balanced budget" in the following way: Total revenues are sufficient to cover operating expenses for the budget year and to offset the cost of capital investments (depreciation) and anticipated debt costs for any planned future capital investments.

The NWSA uses the full-accrual basis for budgeting, consistent with the basis for accounting. This method recognized the financial effect of events that impact the Port during the accounting period, regardless of whether cash was received or spent.

Budget Process

The NWSA budget is a guideline used by management to direct strategic and tactical operations. Typically, more projects and spending are budgeted than may actually occur. This conservative approach ensures that the NWSA's financial goals are still met if business conditions support the full budgeted spending.

The NWSA operates on a calendar year budget cycle that must integrate the budget schedule needs of both home ports. The operating budget and the capital budget are the NWSA's plan for meeting the current needs of its customers, and for implementation of the strategic goals.

The annual budget development begins in June and continues through November. The process begins with the development of strategic objectives and initiatives, which are reviewed by the Managing Members and the Chief Executive Officer. The Managing Members and Chief Executive Officer communicate any strategy changes or policy concerns and gather additional input.

Cargo forecasts, available at the beginning of the budget process, are used to develop the variable portion of the operating budget. During a study session, the Managing Members are presented with a draft budget.

In November, a public hearing is held by each home port to allow for public comment, and to adopt the statutory budget and approve the property tax levy for the home ports. The NWSA's operating income is split evenly between the ports and is shown as revenue to the home ports. After the home port Commission approves and adopts its statutory budget, it is submitted, with the related home port resolutions, to the respective County Councils and Assessor Treasurer offices.

Major Assumptions

Major drivers of the operating budget are a result of economic and industry trends represented in the cargo forecast.

Revenue

- Existing leases continue per existing lease terms and contracts
- Cargo volumes drive equipment and intermodal revenues and expenses
- Auto and breakbulk imports continue to provide revenue diversity
- Tariff rates are projected to increase between 3% and 5%
- Property lease rental rates will increase as specified in contracts

Direct Expenses

- The NWSA has a direct headcount of 69 positions. Salaries are expected to increase between 4% and 6%
- Major operating expenses include construction of non-NWSA owned infrastructure needed for the development of Terminal 5, and ongoing maintenance of terminal paving, bulkheads and fender systems
- Depreciation for licensed assets at the time of the formation of the NWSA will remain on the books of the home ports. Depreciation of any new investments that are jointly funded will be charged against the NWSA

Home Port Services Provided

Each home port is providing services to the alliance, and some NWSA personnel are providing services back to the home ports. These services are provided either by direct charge or purchased services through Inter-local Agreements.

Table IV-4 shows the approximate value of Operating, Maintenance, Environmental, Security and Administrative services purchased by the NWSA from each of the home ports and the services purchased by the Port of Tacoma from the NWSA. This table does not include the value of services provided for capitalized and expensed projects.

Estimating Revenues and Expenses

The NWSA uses several different methods of projecting revenues, depending upon the nature and materiality of the revenue item and the projection period. Specific revenue projection techniques include:

- **Historical Data**: Future revenues are based on historical trends with the assumption that they will continue in the future. When using historical data as a means for projecting revenues, the NWSA analyzes as many as 10 years of data to estimate a rate of growth
- **Business Operations**: Terminal lease/rental agreements, grant agreements, and service contracts provide information for this projection method. These projections may be adjusted to reflect the probable impacts of anticipated changes in the economy, legislation and inflation
- **Judgment Estimates**: This method relies on a personal knowledge in the field, often a department director, who prepares a revenue projection based on awareness of past and present conditions including fee changes, development plans, marketing campaigns, usage activity, frequency, volume, weight and similar determinations
- **Current Data**: This method predicts future revenue based on actual or annualized current year revenues and often is used when historical data and trends are not available, or if used, would result in an inaccurate revenue projection
- **Volume**: The NWSA uses the five-year cargo forecast to project volume related revenues

Financial Practices

The NWSA manages its operations to maximize its financial capacity - to provide adequate cash flow to the home ports to support debt service coverage ratios.

Financial Tools

- **Cargo Forecasts**: The NWSA maintains a cargo estimate for each of the next five years. (See Table III-1)
- **Five-Year Financial Forecast**: A portion of the operating budget is driven by volumes from the cargo forecast while the majority of the revenue comes from major lease contracts. Planned revenue-generating capital projects are aligned with new revenues and expenses in the five-year operating forecast. The operating budget is monitored throughout the year, noting any variances that may require corrective action. The Managing Members, Chief Executive Officer and Executive Team review these semi-annually

- **Five-Year Capital Investment Plan**: This plan ties directly to the strategy developed during the budget process. Updated semi-annually, it identifies all proposed projects. Some projects are capitalized and impact future year forecasts through depreciation, while others are expensed in the current year

- **Home Port Plan of Finance**: The financial output of the NWSA will be shared evenly between the home ports and is an input into each home port's five-year plan that identifies each port's ability to fund their business objectives

- **Financial Analysis of Investments**: The NWSA reviews significant capital investments and their related assumptions prior to acceptance into the planned capital budget. Revenue-generating projects are expected to earn a return on investment that meets or exceeds the standards

- **Financial Reporting:** The NWSA creates a variety of reports available electronically or in hard copy

For additional information on accounting policies, see each home port's budget and annual financial reports.

Table IV-1....Statement of Revenue, Expenses and Distributable Income by Business*

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

* Amounts may not foot due to rounding.

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

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

* Amounts may not foot due to rounding.

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

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

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

* Amounts may not foot due to rounding.

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

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

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

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

* Amounts may not foot due to rounding.



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

V Capital Investment Plan

Overview

The Northwest Seaport Alliance invests in projects to increase the capacity, extend the life or improve the safety or efficiency of alliance-managed property and equipment.

New projects on the Capital Investment Plan that are $100,000 or greater have been vetted through the Investment Decision and Development Process (IDDP). The IDDP is a two-stage planning development.

- Stage 1 (Opportunity Assessment) is to document new investment opportunities, identify any conflicts and receive input from all potentially affected departments/teams. The leadership management makes the decision to pursue the opportunity to the next stage.

- Stage 2 (Alternatives Analysis) is to assess the initial viability of a project, consider and evaluate alternatives, conduct a project screening, and consider long-range capital planning and potential grants.

The five-year Capital Investment Plan (CIP) identifies all projects planned or underway. The CIP provides a mechanism for tracking and managing project budgets and cash flows for five years into the future. Table V-1 shows planned spending on capitalized projects for the five-year time frame. Projects are associated with a program that fall under one of the businesses or under a category called "Infrastructure."

Although funds for a project are included in the CIP, the project is not automatically authorized to proceed. The alliance Managing Members review and approve each project individually. Projects must have the necessary permitting before proceeding.

To achieve its goals, the alliance continues to invest in revenue-generating capital projects that support its businesses. Although the home ports are responsible for the general infrastructure in each respective county, the alliance may also invest in infrastructure projects that support the NWSA's maritime business, as well as increasing rail and road transit of cargo within boundaries between the ports of Seattle and Tacoma. Often, these infrastructure projects are expensed versus capitalized due to accounting requirements.

In addition, environmental projects are planned for meeting or maintaining regulatory requirements, including the development of mitigation and remediation projects. Projects may be expensed or capitalized according to accounting rules.

Summary of Major Projects

During 2024, the NWSA worked on the following capital projects:

- Phase two berth modernization construction at Terminal 5 and stormwater treatment system
- Renovated CBP office at Terminal 106
- Replaced fender system at Pierce County Terminal
- Reconfigured yard at E. Blair Terminal
- Install shore power at Husky Terminal

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

Strategic investments:

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

Maintenance investments:

- Wharf rehabilitation at T18
- Rehabilitate Wapato creek culvert
- Maintenance dredging at several container terminals of both harbors
- Maintenance and rehabilitation of assets

The alliance has a strong commitment to the protection and improvement of the environment. Examples of this commitment include the Clean Truck Program, the Northwest Ports Clean Air Strategy, and significant investment in storm-water improvements.

Strategic development efforts focus on serving existing customers, attracting new customers, and building a diverse, dynamic and resilient business base.

Table V-1….Planned Capitalized Project Spending

($ Millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Historical Capital	134.4	90.6	58.8	53.6						
Planned Capital					65.9	150.1	129.2	95.4	38.9	6.4
Grand Total	**$ 134.4**	**$ 90.6**	**$ 58.8**	**$ 53.6**	**$ 65.9**	**$ 150.1**	**$ 129.2**	**$ 95.4**	**$ 38.9**	**$ 6.4**

Capital Investment Plan Priorities

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

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

Capital Investment Plan Projects by Purpose

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

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

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

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

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

Table V-3 shows that the NWSA intends to implement $481.3 million worth of planned projects (capitalized and expensed) in the next five years, with $169.8 million of that total earmarked for 2025. Non-operating and operating projects will be expensed as incurred and are included in the operating budget.

Table V-4 shows the five-year CIP by Line of Business.

Table V-5 shows the expected increase in depreciation when planned projects are completed. The CIP is the total expected spending of 162 projects, 85 of which are capitalized and 77 expensed as incurred.

The expensed projects are captured as expenses in the current year budget and four-year operating forecast as incurred. The costs of the capitalized projects are captured as depreciation expense over the estimated life of the projects that may extend beyond three years. Depreciation expenses expect to increase when these projects are complete: redevelopment of Terminal 5 phase 2, modernization at Terminal 7D and construction to replace aging assets of the Wapato creek culvert.

Funding

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

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

($ Millions)

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

Amounts may not foot due to rounding

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

($ Millions)

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

Amounts may not foot due to rounding

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

($ Millions)

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

Amounts may not foot due to rounding

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

($ Millions)

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

Amounts may not foot due to rounding

Capital Investment Plan Project Descriptions

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

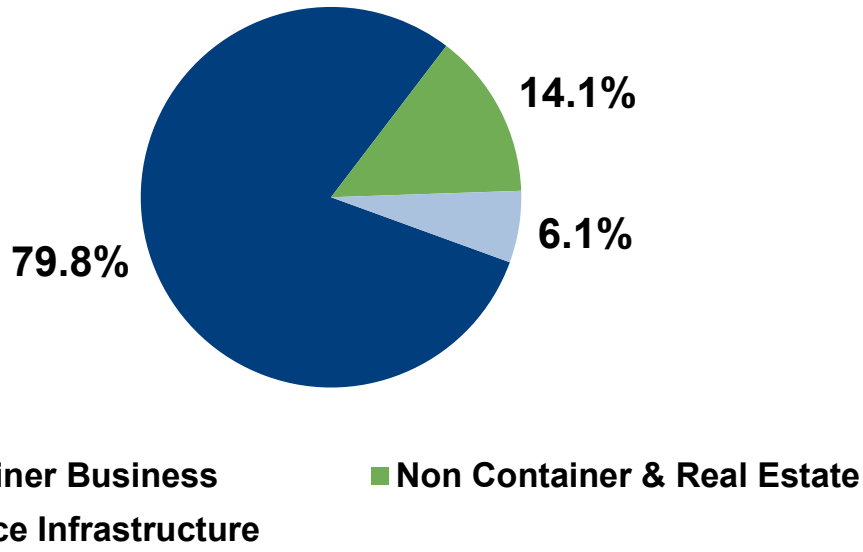
Container Terminals Business

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

Non-Container Business & Real Estate

Approximately $67.9 million will be spent on facility improvement for terminal operations, auto and real estate businesses.

Figure V-1….Five-Year Capital Investment Plan by Line of Business



Alliance Infrastructure

This section includes capital expenditures that are not specific to a single business and are in support of the alliance's infrastructure or environmental improvements.

- Environmental Programs: These projects include reduction and monitoring of emissions, and ongoing cleanup projects. This also includes purchase of electric straddle carriers for its operations. The Clean Truck Program and the Clean Cargo Handling Equipment Incentive Program provide matching funds and incentives to help cover the cost of replacing older trucks or handling equipment with cleaner new ones.
- Technology: The alliance continues to invest in an operations service center that will allow customers and cargo owners to track their cargo as it moves through the gateway.

Capital Investment Plan Revisions

The CIP is an integral part of the budget planning process and is reviewed and revised semi-annually. Adjustments in amount and timing are made as required to meet changes in customer or infrastructure requirements.

VI Environmental Stewardship and Planning

Environmental stewardship and sustainable practices are a high priority for the NWSA. The NWSA Environmental Stewardship Framework has been put into action. Specifically, working with our partners, the NWSA developed a Best-In-Class approach built on a foundation of the following:

- Environmental, economic and financial business decision planning/making are fully integrated;
- Responsive to market and community.
- Drives innovative, cost-effective and sustainable solutions.

Program areas of emphasis include:

- Water Quality
- Air Quality and Sustainable Practices
- Planning and Logistics
    - Transportation
    - Land Use
    - Facilities

In 2025, the NWSA plans to focus its environmental efforts on water and air quality and greenhouse gas reductions, with the bulk of that work on NWSA licensed properties. The NWSA plans to develop additional sustainability strategies to help shape future leasing strategies, green corridors, green fuels and explore green building initiatives.

In addition, the NWSA has partnered with the Ports of Seattle and Tacoma along with other key industry, environmental, state and federal stakeholders and partners to develop a large commercial vessel Quiet Sound program. This program is managed by Maritime Blue and promotes ways to reduce noise impacts to Orca and other marine mammals in Washington State Waters. The Ports of Seattle, Tacoma and the NWSA have committed a total of $190,000 in 2024 towards this effort to sustain the program. In 2023-24, 71% of vessel transits slowed, leading to a 50% reduction in underwater noise intensity when whales were present.

Water Quality Program

NWSA's Water Quality (WQ) team is comprised of professionals with experience in site inspection, monitoring, water quality treatment project development and delivery, and policy analysis. The goal of this program is to work with internal and external stakeholders to design highly effective, low-cost treatment and compliance solutions that meet or exceed Washington State's high water quality standards.

Industrial Stormwater Management Program

The WQ team manages an industrial stormwater program that is a collaborative effort engaging customers, agencies, and environmental organizations in both the Seattle and Tacoma harbors. The goal of the program is to discover and create solutions for emerging stormwater issues, solve common problems and provide stormwater technical assistance to our customers at their request. Staff engage in extensive stakeholder outreach that includes customers, regulators, and environmental organizations.

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

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

- Completing industrial, and outfall site inspections ahead of schedule,
- Working with Maintenance to complete maintenance on treatment systems ahead of first flush to insure we are prepared for the rainy season,
- Educating internal and external stakeholders on proposed changes to 2025 ISGP,
- Review and comment on Draft 2025 ISGP

Research and Develop Cost-Effective Means to Manage Stormwater

The NWSA continues previous work initiated separately by the two ports. The NWSA implements innovative cost-effective treatment methods in the field and focuses on practical, effective stormwater Best Management Practices (BMPs). This includes conducting pilot studies of new and existing treatment infrastructure and sharing the results with tenants and stakeholders. During 2024, the WQ Team submitted application to Ecology to certify treatment systems designed for use at the Tacoma and Seattle harbors through Ecology's General Use Level Designation (GULD) website. This includes taking current designed treatment systems to Ecology through the Emerging Stormwater Technologies (TAPE) Program. Successful inclusion of our treatment systems in on Ecology's GULD website will allow ports and other permittees to use the information when installing industrial stormwater treatment on their sites and may help to expedite permit approvals from local jurisdictions when installing treatment on North and South Harbor properties.

Source Control

Controlling pollutants at or near the source is the most cost-effective way to reduce pollution in stormwater runoff, manage the risk of costly corrective actions for treatment, and reduce the cost of operations and maintenance of installed stormwater treatment systems. NWSA WQ staff work with customers (as requested) to identify pollutants close to the source and eliminate the source where possible. The WQ team assists customers with effective and low-cost solutions.

Seattle Harbor Focus

Most Seattle Harbor tenants have installed stormwater treatment at their facilities. The challenge going forward is to reduce the cost of operating and maintaining these systems. The WQ team continues to focus on maintaining relationships with tenants/ customers and working with them to implement at-source and near-source BMPs with these goals in mind. During 2025, we will manage new ISGP permits as necessary in the North Harbor, as well as continue to support other projects.

Accomplishments include:

- Coordination with Seattle Harbor stormwater staff on projects including completion of treatment vault installation at T46,
- Assistance with tenant SWPPPs,
- Continued coordination with Marine Maintenance and Stormwater utility on water quality issues in the North Harbor,
- Provide lease review and project support for new projects in the North Harbor.

Tacoma Harbor Focus

The WQ team continues to work with tenants/customers to implement at-source and near-source BMPs to facilitate cost-effective and successful solutions, and to focus on customers that may face site challenges to meet water quality criteria or regulatory policy issues. In the Tacoma Harbor, the priority for 2025 will be implementation of the 2025 ISGP. This will include obtaining new permits for Port and NWSA operated facilities, as well as assisting tenants with new regulations.

Accomplishments in 2024 include:

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

Stormwater Development/Redevelopment

Coordination with each home ports' stormwater permit programs ensures site-specific stormwater requirements are met. This includes the design of appropriate treatment systems and/or system selection based on proposed land use and typical discharges associated with site-specific activities. Projects include redevelopment of terminals in both harbors.

Accomplishments in 2024 include:

- Continue to support and coordinate permitting issues with the City of Tacoma,
- Coordination with City of Tacoma on MS-4 stormwater coordination and ILA discussions,

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

2025 Goals

In 2025, the WQ team will

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

Air Quality & Sustainable Practices Program

The Air Quality & Sustainable Practices Program jointly serves the Port of Tacoma and The Northwest Seaport Alliance and focuses on two goals: 1) reducing – and, ultimately, phasing out - air and climate pollution from seaport related activities; and 2) promoting environmentally sustainable corporate practices. The program collaborates with a wide range of internal and external partners to develop, find funding for, and implement a suite of initiatives to advance the 2020 Northwest Ports Clean Air Strategy (NWPCAS) and implement the NWSA's 2021-2025 Clean Air Implementation Plan. Key initiatives include the Clean Truck Program (including the newly formed Zero Emission Truck Collaborative); the Clean Vessels Program (including shore power installations at major container terminals); and the Clean CHE Program.

Key 2024 Accomplishments

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

- Continued to lead the NWSA's engagement in the US-Korea Green Corridors Project, in partnership with the U.S. Government, the Republic of Korea, two Korean ports (Busan Port Authority and Ulsan Port Authority), and several commercial partners. In 2024 the pre-feasibility phase of the project was completed, and the feasibility phase was initiated.

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

- In collaboration with the Port of Seattle, Port of Tacoma, Seattle City Light, Tacoma Public Utilities, and others, neared completion of two major energy planning studies – the Seattle Waterfront Clean Energy Strategic Plan and the South Harbor Electrification Road Map (SHERM) – to assess the infrastructure needs associated with transitioning to zero-emission vehicles, equipment, and operations.

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

- Continued planning for a new Clean CHE Incentive Program aimed at encouraging marine terminal operators to scrap old diesel equipment and replace it with zero-emission technologies.

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

- In collaboration with the ports of Seattle and Tacoma, continued efforts to communicate and engage with near-port communities and other external stakeholder and partners, including continued publication of the Ports Clean Air Quarterly (a quarterly newsletter) and the launch of www.nwcleanports.org (a new web portal on port-related clean air and climate solutions).

- Continued to identify, pursue; and secure state and federal grants and other external financial and technical assistance to help advance NWSA clean air, climate, and sustainability goals. In 2024 the AQSP Team helped secure more than $40 million in state and federal grants (including four federal awards and one state award), and wrote a $500 million proposal to the EPA Clean Ports Program (results pending).

Key 2025 Goals

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

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

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

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

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

- Launch and implement the new Clean CHE Incentive Program.

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

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

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

- Complete the Seattle Waterfront Clean Energy Strategic Plan and the South Harbor Electrification Roadmap (SHERM) and pivot to development of a gateway-wide zero emission infrastructure development strategy; and

Planning & Logistics

Planning and Logistics provides a range of services intended to support NWSA Charter goals from strategic to site planning. Some primary services include planning for marine terminals and supporting infrastructure, advocating for multi-modal freight related transportation

systems, facilitating port visioning. Planning also coordinates baseline studies to facilitate decision making about investments and operations.

Overview of services:

- **Land Use Planning and Advocacy**: Provide expert level land use planning services to protect manufacturing and industrial lands for seaport operations; review and provide comment on local and regional land use policies and regulations; provide technical support and advice on relevant state and federal policies.

- **Facility Planning**: Services include facility design, facility resilience assessment and planning, assessment of infrastructure needs for operational efficiency, and documentation of current and planned facilities.

- **Transportation Planning and Advocacy**: Support traffic congestion reduction and advance warning technology in the Tideflats, analyzing off-terminal traffic flow and circulation, truck parking, and preservation of freight and heavy haul routes.

- **Project Feasibility Development**: Support strategic port planning and the opportunity assessment process by maintaining a general understanding of all focus areas within the Department, especially the environmental specialties.

- **Strategic Planning and Visioning**: Support development of strategic and business plans including internal and external engagement and consultant services. The team also supports periodic updates of the Port's Economic Impact Analysis.

- **Grant Program Coordination**: Coordinate grant application efforts to ensure a unified and proactive approach. Grants are sought to help offset the cost of infrastructure, equipment transportation technology, and planning, whenever feasible. Coordination efforts encompass tracking priority projects and grant opportunities. The team also provides staff support to the Grant Steering Committee and communication with staff involved in grant writing as well as providing commission updates.

2024 Planning & Logistics Key Accomplishments

- Completed the Cargo Terminal Access Strategy for the North Harbor.

- Coordinated submission of approximately $560 million in grant applications.

- Managed the Economic Impact Analysis update, which for the first time includes an equity analysis and studies all lines of business for the NWSA, POS, and POT.

2025 Planning & Logistics Goals

- Advance Resilient Gateway Program policies.

- Provide technical support for Sound Transit Link extensions and Sounder expansion.

- Advocate for NWSA priorities at Puget Sound Regional Council staff committees.

- Manage the NWSA/POT Grant Program.

- Support the Tideflats Subarea Plan.



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

Appendix A: NWSA Full Time Personnel

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

*2024 Actual is 2024 forecasted ending headcount

Northwest Seaport Alliance Average Compensation (excluding CEO)

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

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

Changes in NWSA Full Time Personnel from prior budget

- Operations: 2 open positions added
- Facilities Development: 2 positions added
- Executive: 2 positions added
- External Affairs: 1 position added

Appendix B: NWSA Memberships

Overview

The NWSA and alliance staff are members of several organizations. The NWSA believes that participating in these partnership organizations plays a key role in advancing the NWSA's business objectives and ensures NWSA staff is knowledgeable and productive. These memberships are in addition to or supplement the home port memberships.

Port Authority Organizations

These memberships assist the NWSA's lobbying efforts on both the state and national levels and keep staff informed about major issues and developments that affect NWSA operations. Membership with the Washington State Public Ports Association remains with the home ports.

Economic Development Organizations

Economic development is a major part of the NWSA's mission. For that reason, the NWSA maintains memberships and works closely with a variety of economic development groups. These memberships help strengthen the NWSA's visibility throughout the world through trade missions and trade shows.

Regional Organizations

Memberships in regional organizations demonstrate the NWSA's commitment to trade on a statewide and regional basis.

Industry Associations and Professional Organizations

These associations and organizations ensure that staff obtain the latest in technical development by taking advantage of meetings, networks and special programs offered by them.

Trade Promotion Organizations

These memberships give the marketing and sales staff important contacts and current industry trade information that enhances the NWSA's overall marketing efforts.

Community Service Groups

The NWSA maintains memberships in these groups as part of its effort to build better community relations, to work more effectively with businesspeople and to ensure that the NWSA's interests and concerns are addressed in the community.

Annual NWSA Memberships & Personnel Memberships (estimated)

Organization	Annual Dues
American Association of Port Authorities	$83,000
Pacific Northwest Waterways Association	37,000
Washington Council on International Trade	20,000
Green Marine	12,000
Clean and Prosperous Washington	10,000
All Other Memberships	75,400
Total NWSA Memberships	$237,400

American Association of Port Authorities

AAPA is an alliance of leading ports in the Western Hemisphere that protects and advances the common interests of its diverse members through advocacy, professional development, relationship-building, and public awareness.

Pacific Northwest Waterways Association

The Association advocates for funding for navigation projects around the region, including those on the Columbia Snake River System, in the Puget Sound and along the Oregon and Washington coasts.

Washington Council on International Trade

The Council is dedicated to advocating for public policies that increase Washington State's international competitiveness.

Green Marine

Green Marine is an environmental certification program for the North American marine industry.

Clean and Prosperous Washington

A team of business leaders working with labor, tribes, environmental organizations, and social justice advocates in Washington state to enact smart climate policies.

The Northwest Seaport Alliance

Mailing Address
P.O. Box 2985
Tacoma, WA 98401-2985

Phone: 800-657-9808

Website: www.nwseaportalliance.com

PORT OF TACOMA

Administrative Offices

Street Address
One Sitcum Plaza
Tacoma, WA 98421

Mailing Address
P.O. Box 1837
Tacoma, WA 98401

Phone: 253-383-5841
FAX: 253-593-4534

Website: www.portoftacoma.com