

# Port of Seattle 2027 Budget Development Briefing

July 14, 2026



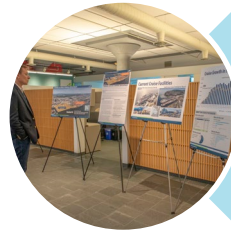
# Agenda



Environmental Scan



2027 Budget Principles & Strategies



2027 Budget Approach and Process



2027 Key Budget Dates

# Environmental Scan Summary



Unprecedented **political and economic uncertainty**



Effects of **trade, immigration and other policy actions**



Post pandemic **growth moderating**

Multiple years of **rapid expense growth**



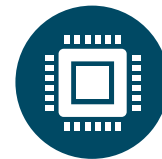
**Federal funding reductions and weakening operating revenues**



**Cuts in federal climate change programs and funding**



Impact of **increased inflation due to tariffs** on operating, capital and environmental costs



**Rapid technological advances** including Artificial Intelligence and growing sophistication of cyber threats

# 2027 Budget Guiding Principles

- **Align Expense Growth with Forecasted Revenue**
  - Operating expense growth should track closely with forecasted revenue growth
- **Implement a Modified Zero-Based Budget Approach**
  - Depts should begin from a baseline that recognizes unavoidable contractual or legally mandated cost increases
- **Set an Operating Expense Growth Cap Tied to Forecasted Revenue Growth**
  - All depts need to meet an overall operating expense growth target tied to forecasted revenue growth.
- **Structural Cost Increases Above the Target Need Operational, Regulatory, and/or Revenue Justification**
  - Addition of new position, functions or expenses will be considered extraordinary and will require extraordinary justification.

# 2027 Budget Strategies

- Review and prioritize operational needs to **limit expense growth**
- Review the needs to fill **all the vacant positions**
- **Limit new FTEs** to roles that support revenue growth, economic development, or efficiency measures
- Assess **affordability of capital plans** considering increased inflation and revenue risks
- Strengthen the **focus on sustainability, adaptability and resiliency** in spending and business plans

# 2027 Budget Issues

- Very moderate passenger growth at SEA in the initial estimate
- Inflation remains above long-term average and Fed 2% target
- COLA and Pay increases for both Represented and Non-Represented employees
- Healthcare costs and some contractual increases
- Unbudgeted and under-budgeted items in the 2026 budget, such as Organization Continuity Resilience (OCR) and South King & Port Community Fund (SKPCF)
- Vacant positions review
- Commission Priorities and Community Programs

# 2027 Modified Zero-Based Budget Approach

## Review Expense by Categories:

- Backfill and Vacant FTEs, esp. those more than 12 months
- Outside Services (and Contractual Increase)
- TBCD and Promotion Exp
- Equipment and Supplies & Stock Exp
- Travel and Other Employee Exp
- Other Expenses

# 2027 Modified Zero-Based Budget Approach

- **Expense Priorities**

- Critical (regulatory, must do/have)
- Necessary (need to do/have)
- Desirable(want to do/have)

## **Expense Service Levels**

- Eliminate
- Reduce
- Maintain
- Enhance/Increase

# 2027 Modified Zero-Based Budgeting Process

- Corp F&B provided Modified ZBB template based on 2026 budget items (and vacant positions) for dept reviews on 4/24
- Depts review each Expense Category and all vacant positions
- Depts prioritize their expenses and identify the potential service level for 2027
- Depts complete the reviews by May 15
- Corp F&B reviews, follows up, and summarizes the info by May 29

# 2027 Budget Process Overview

## Environmental Scan

- Assess business environment and needs
- Update operating and capital forecasts
- Conduct SWOT analysis

## Budget Preparation

- Develop budget assumptions and drivers
- Identify key financial metrics and budget targets
- Issue budget calendar and departmental guidelines
- Prepare operating and capital budgets in accordance with principles and guidelines

## Budget Reviews and Approvals

- Conduct internal department and division budget reviews
- Publish the preliminary budget document to the public
- Commission review and approval of budgets/capital plans

## Final Steps

- File the Statutory Budget with King county
- Publish the final budget document to the public

# 2027 Budget Calendar

(Commission Items in Blue)

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3/12 – Commission Retreat on Resource Conscious & Levy Scenario

5/08 – 2027 Budget Planning Discussion with ELT

6/23– Commission Budget Study Session – Commission Priorities

7/02 – 2027 Budget Guidelines available

7/14 – Commission Budget Retreat – Capital Project

7/14 – 2027 Budget Development Commission Briefing

7/31 – Central Services Department new budget requests due to F&B; Commission Priorities due to ED

8/12 – 08/21: Executive review of Central Services Department Budgets/New Requests

9/09 – Executive review of combined Central Services Budget

9/09 – Executive review of Maritime and EDD Operating & Capital Budgets

9/10 – Executive review of Aviation Operating & Capital Budgets

9/11 – 2027 North Harbor Budget to the NWSA

# 2027 Budget Calendar

(Commission Items in Blue)

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09/22 – Central Services Budget and Portwide Budget Overview Commission briefing

10/09 – POS/NWSA ILA Service Directives due to the NWSA

10/13 – Operating Divisions Commission Budget Study Session

10/15 – NWSA Budget study session with Managing Members

10/20 – 2027 Preliminary Budget Document available to Commission

10/22 – 2027 Preliminary Budget Document available to the public

10/27 – Tax Levy & Draft Plan of Finance Commission briefing

11/03 – NWSA Budget adoption by Managing Members

11/10 – Introduction of preliminary 2027 Budget and public hearing

11/17 – Adoption of 2027 Budget

11/25 – File the 2027 Statutory Budget with King county

12/04 – Publish the 2027 Final Budget to the public