THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 10B
Meeting Date: Dec. 1, 2026

DATE: November 20, 2026

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial Officer & Strategy Officer

Project Manager: Steve Balaski, Director of Business Development, Commercial

SUBJECT: 2027 – 2029 NWSA Cargo Incentive Program

A. ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) to authorize $30 million in funding for and the establishment of a two-year Cargo Incentive Program.

B. SYNOPSIS

Based on current market conditions, feedback from NWSA's carrier customers and results from prior incentive programs, the proposed 2027 - 2029 Cargo Incentive Program is expected to help retain and grow international container volume, attract new international ocean services and BCOs while incentivizing reliable and consistent service levels in the NWSA Gateway.

Staff proposes a two-year program, rather than a single year, comprised of four elements tailored to specific growth opportunities. A two-year overall program is expected to enhance its effectiveness by assuring Participants of the availability of the incentive benefits beyond the initial year, empowering and incentivizing them to make longer-term network changes to increase cargo volumes at the NWSA. All participants will be required to enter into the NWSA's Participation Agreement that outlines program eligibility, incentive requirements, and other specific program details.

The proposed 2027- 2029 Cargo Incentive Program is expected to be divided into two individual Program Years and include the following elements:

Incentive Program Element	**Participant**	**Proposed Allocation Level Per Program Year***
1) International Rail Cargo	Ocean Carrier	$10 million
2) New Vessel Service and Ad Hoc Call	Ocean Carrier	$2 million
3) Voyage Consistency and On-Time Arrival	Ocean Carrier	$1 million
4) BCO Incentive**	Beneficial Cargo Owner (Shipper)	$2 million
	Total Per Program Year*	**$15 million**

*These are anticipated funding allocations of the total Cargo Incentive Program approval request, per Program Year. It is anticipated that $15 million would be allocated to each Program Year as proposed; however, in order to maximize the impact of the overall Program, staff recommends the ability to reallocate the approved funds to different Program Elements and Program Years based on actual participation levels.

** BCO Program specifics to be presented at a future date for authorization.

Estimated Program Impacts

Some of the estimated impacts of the Program Elements are summarized in the following table and further described in this memo.

Incentive Program Element	Estimated Impact
International Rail Cargo	• Support up to 340,000 to 420,000 rail lifts annually. • Estimated potential of 30,000-35,000 incremental rail lifts, which would support 650-750 jobs; Expected to support 4500+ ILWU shifts or equivalent of 17-20 full-time ILWU jobs.
New Vessel Service and Ad Hoc Call	• 60,000 to 150,000 TEU of incremental volume per year per new service • Support an estimated 720 -1200 jobs • 2000-5000 TEU of incremental volume per Ad Hoc call
Voyage Consistency and On-Time Arrival	Consistent ocean carrier service: • improves truck turn times, • minimizes cargo dwell times, • increases capacity for exports, • improves rail planning, and • reduces costs of drayage inefficiencies.
BCO Incentive (to be defined)	Sustained and incremental Intermodal volume growth directly from key shippers.

1. International Container Rail Cargo Incentive

Proposed Incentive Summary

This incentive seeks to drive rail volume growth through a direct incentive program with the ocean carriers.

Ocean carriers that achieve the terms of the program and meet the requirements of the applicable Participation Agreement will receive a volume-based incentive payment for each tier achieved as listed in the following table.

Volume Incentive Tiers and Incentives during a Program Year:

Volume (rail lifts)	Incentive Payment if Tier is reached
20,000 lifts (up to 40,000 lifts)	$500,000
>40,000 lifts (up to 60,000 lifts)	$500,000
>60,000 lifts	$500,000

Tier incentives are cumulative. For example, if a carrier brings:

- More than 20,000 lifts: **$500,000**
- More than 40,000 lifts: **$1,000,000 total** ($500,000 Tier 1 + $500,000 Tier 2)
- More than 60,000 lifts: **$1,500,000 total** ($500,000 Tier 1 + $500,000 Tier 2 + $500,000 Tier 3)

- Anticipated allocated funding for International Rail Cargo Incentive: **$10 million per Program Year.**

- Incentive tiers would likely be reset in year two of the program based on the result of the first year.

- Eligible ramp locations include all intermodal inland ramp locations served and/or operated by the BNSF and Union Pacific Railroads.

- The maximum reimbursement per carrier for this metric would be $1,500,000 per Program Year. The NWSA reserves the right to provide additional funding to top carrier performers depending on the residual fund available.

- Incentive payments will be paid at the end of each Program Year.

- The expected Program Years: May 1, 2027, through April 30, 2028, and May 1, 2028, through April 30, 2029.

Proposed Eligibility Requirements

Minimum Volume Requirement: Ocean Carriers must move a **minimum of 20,000** lifts of international intermodal cargo through the NWSA in a Program Year to participate in this program.

Balance Requirement: During the term of the Program Year, participating ocean carriers moving international IPI rail volume (import/eastbound) through NWSA terminals, must move at least 75% of the same number of international containers outbound (export/westbound) for export to the NWSA via their railroad service providers. Participating carriers must achieve this performance metric to be eligible for an incentive payment as measured at the conclusion of the program year(s).

Financial Requirement: The program would be open to all international ocean carriers in good financial standing with the NWSA (i.e., current on financial accounts as defined by the NWSA in the associated Participation Agreement.)

2. New Vessel Service and Ad Hoc Call Incentive

Proposed Incentive Summary

This incentive seeks to attract new and incremental international ocean services to the NWSA and the associated volume growth.

New Service:
Ocean carriers who initiate a new weekly or fortnightly service will be eligible for $20 per laden box, up to a maximum of $1,000,000 during the first 12-month period of the service.

Ad Hoc Service:
Ocean carriers who direct an Ad Hoc call to the NWSA will be eligible for $10 per laden box up to a maximum of $25,000 per vessel call. Carriers may receive this incentive for a maximum of three Ad Hoc calls per carrier or alliance in a 12-month period.

Eligibility for this program would be January 1, 2027 through December 31, 2029.

Anticipated funding allocation for the New Service and Ad Hoc Call Incentive: **$2 million per Program Year.**

In order to maximize the impact of the overall Program, staff recommends the ability to adjust incentive amounts based on participation levels.

Definitions and Proposed Eligibility Requirements

Ocean carriers that achieve the terms of the program and meet the requirements of the applicable Participation Agreement will receive the proposed incentive payment.

The program would be open to all international ocean carriers in good financial standing with the NWSA (i.e., current on financial accounts as defined by the NWSA in the associated Participation Agreement.)

New Service defined as:

- Carrier adds an NWSA call to an existing Transpacific or Latin America/All Water Europe string on a weekly or fortnightly basis for a minimum of 12 months.
- A new service may include a "shuttle" service that moves cargo between a single market and the NWSA (for example, a port in Mexico and the NWSA)
- Carrier launches an entirely new service string that calls the NWSA.
- The NWSA may consider qualifying a "seasonal" service if the duration is for a minimum of 6 months.
- A service that was not part of the portfolio of international ocean services offered by the international carriers by the end of 2026.

The new service must call the NWSA for a minimum of 12 months.

Ad Hoc call defined as:

- An additional sailing or "extra loader." For example, when demand spikes due to unexpected surges in cargo, or because of market volatility – a carrier may add an extra vessel to its schedule. This is referred to as an extra loader.
- A call diverted to the NWSA for a single call from a string that serves other West Coast ports as part of its current regular rotation.

Financial Requirement: The program would be open to all international ocean carriers in good financial standing with the NWSA (i.e., current on financial accounts as defined by the NWSA in the associated Participation Agreement.)

3. Voyage Consistency and On-Time Arrival Award

Proposed Program Summary

A performance award program to encourage international ocean carrier service voyage consistency and vessel arrival on-time performance.

- The top three performing international ocean services and their voyage operating ocean carriers whose service levels meet the eligibility criteria would receive public recognition by the NWSA and may qualify for a cash award.
- Anticipated funding allocation of **$1 million** for each Program Year to incentivize participation in the program.
- Two one-year terms: The suggested first year term is anticipated to be May 22, 2027, through May 26, 2028, which align with port months June-May. The suggested second year term is anticipated to also align with port months June 2028 – May 2029.
- The program will involve two 26-week measurement Periods (port months June to November and December to May, each a "Period"), and a monetary award would be made after each period to eligible participants.

Proposed eligibility requirements

- Service Requirements: An ocean carrier would be eligible for this program if it meets or exceeds the following performance standards:
    - Period 1: Have a maximum of two void sailings for weekly services or one void sailing for fortnightly services over the measurement period, and; Achieve a maximum 24-hour average delay over same measurement period vs. proforma ETA.
    - Period 2: Have a maximum of two void sailings for weekly services or one void sailing for fortnightly services over the measurement period, and; Achieve a maximum 24-hour average delay over same measurement period vs. proforma ETA.
- Weekly and fortnightly international services are eligible.
- Ocean carriers must meet the Service Requirements to be eligible for a cash award. NWSA would not be required to provide the award if carriers do not meet the criteria.
- The program would be open to all international ocean carriers in good financial standing with the NWSA (i.e., current on financial accounts as defined by the NWSA in the associated Participation Agreement.)
- The cash award would be paid to the top three performing international ocean carriers that operate a vessel on the qualifying ocean service within the designated measurement period. If multiple carriers operate vessels in the same qualifying service, award money will be divided among vessel operators according to the share of vessels they operate.

- The cash awards for each period would be:
  - First Period:
    - 1st place = $250,000
    - 2nd place = $150,000
    - 3rd place = $100,000
  - Second Period:
    - 1st place = $250,000
    - 2nd place = $150,000
    - 3rd place = $100,000

  The service must call the NWSA for the duration of the Program Year term to be eligible.

4. <u>BCO Incentive</u>

Proposed Incentive Summary

Staff requests approval to establish a direct incentive program with Beneficial Cargo Owners (BCOs). This program seeks to directly help retain and grow volume from the NWSA's BCO customers. Program details remain under development while Staff continues to evaluate various terms to ensure maximum benefit. **Program details will be presented at a future date for authorization.**

Anticipated funding allocation for the BCO Incentive is **$2 million per Program Year.**

Once authorized, it is anticipated that the associated Participation Agreement will be in place prior to May 1, 2027.

C. BACKGROUND

International Rail Cargo Incentive:

Supporting Volume Growth

The most immediate opportunity for international container volume growth at the NWSA is via import intermodal rail. Approximately 70% of the import cargo that comes through the NWSA is bound for destinations outside of the Puget Sound region (primarily the Midwest).

Anticipated Rail Volume:

The expected range of volume the International Container Rail Incentive program could support is 340,000 to 420,000 rail lifts annually. Actual lifts will depend on how many carriers reach each volume tier. The minimum volume expected is 180,000 lifts.

The estimated **incremental** volume potential is 30,000-35,000 lifts. The tiered concept provides three different levels to motivate all carriers to move up to the next level, e.g., carrier moving 32,000 lifts could be motivated to move 40,000, and a carrier moving 15,000 lifts could be motivated to move 20,000.

Anticipated Jobs Supported:

Based on the NWSA's Maring Cargo Economic Impact Analysis, the forecasted potential incremental volume would support an estimated 650 -750 jobs.[1] ILWU work supported by the estimated incremental volumes include 4000-5000 shifts, 39,000-46,000 man hours or the equivalent of 17.5 – 20.5 Full-time ILWU employees.

Prior Results

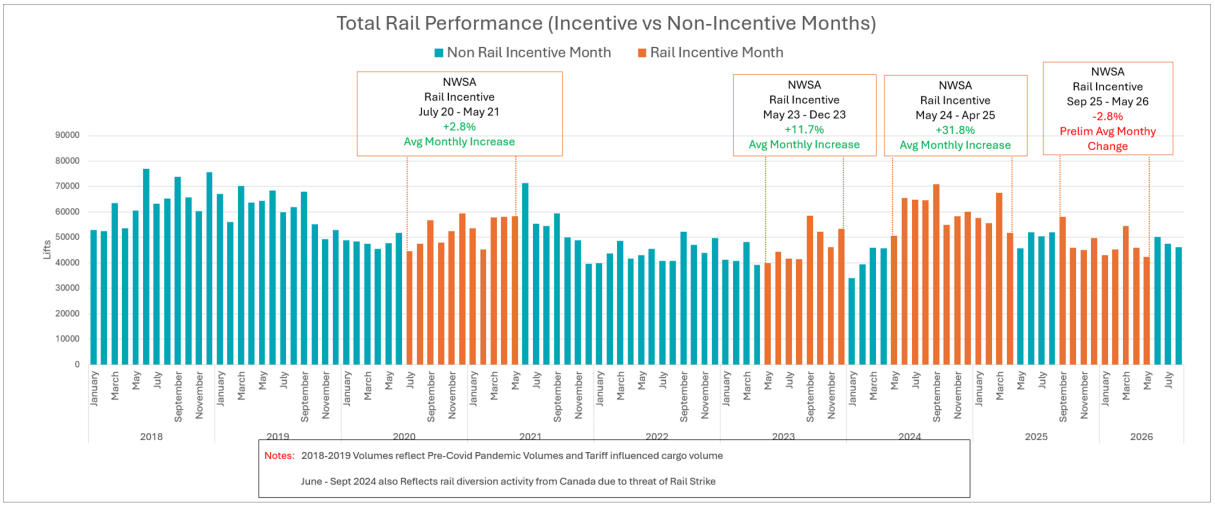
Feedback from ocean carriers indicates that a rail incentive program can be an effective tool to retain and support additional intermodal rail volumes through the NWSA gateway. Results of previous rail incentive programs validate this feedback.

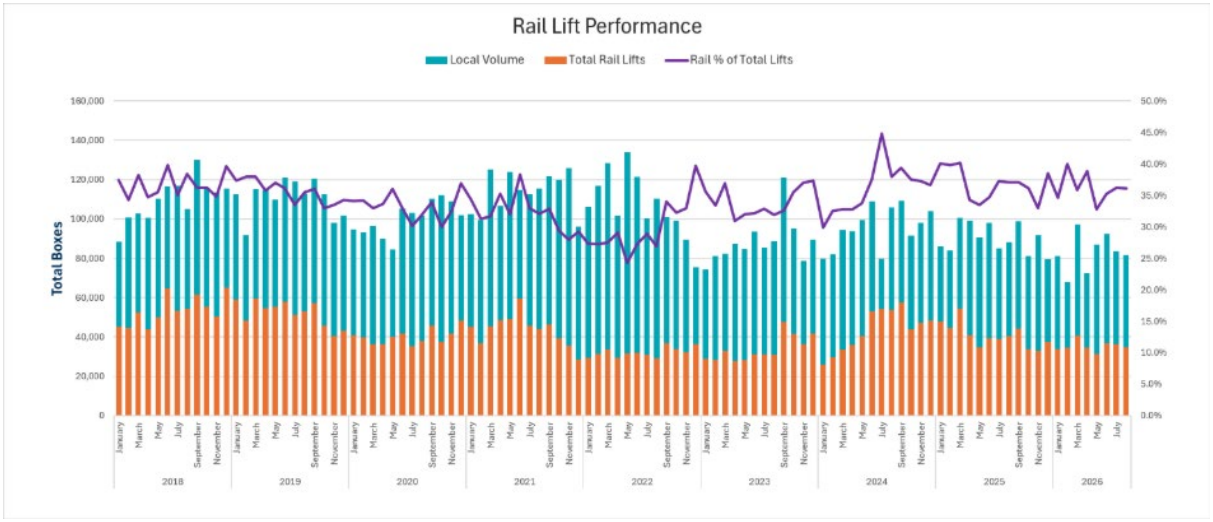
A regression analysis performed by staff found that during months when a rail incentive was in place, the NWSA received, on average, **5,537 additional IPI units per month**. The analysis did account for seasonal fluctuations and differences between years. The results were statistically significant, **meaning the positive relationship is unlikely to be due to random variation alone**.

The statistical analysis indicates a strong positive relationship between rail incentives and increased IPI volumes. Although other factors may have influenced cargo activity, the findings provide evidence that **the incentive was likely a contributing factor to the higher volumes observed**.

Incentive Period	Avg. Monthly Volume With Incentive	Avg. Monthly Volume Without Incentive	Difference	Increase
July 2020–May 2021	52,887	51,445	+1,442	**+2.8%**
May–December 2023	47,235	42,290	+4,945	**+11.7%**
May 2024–April 2025	60,158	45,643	+14,515	**+31.8%**
September 2025–May 2026	47,762	49,127	−1,365	**−2.8%**

[1] A study of the Marine Cargo Economic Impacts suggests that NWSA supports nearly more than 1.2 jobs per 100 TEUs. https://www.nwseaportalliance.com/sites/default/files/cai.nwsa-marine-cargo-economic-impacts-2019.pdf





While the latest incentive period showed a preliminary 2.8% decline, full-year 2026 data is not yet available for a complete comparison. However, a key success of the 2025 rail incentive program was the Balance incentive. Twelve of thirteen participating carriers exceeded 70% rail balance and eight exceeded 80%. This helped ensure rail car supply at the NWSA supporting low rail dwell times and more consistent service levels.

From December of 2024 through December of 2025, the average NWSA rail dwell was consistently the best among West Coast ports while the gateway handled on average 20% more lifts per month than two years ago.

Improving the NWSA's Competitive Position

Cost remains a key criterion for ocean carriers in rail routing decisions. The rail incentive program, along with targeted Class 1 Railroad pricing, help keep the NWSA gateway competitive. Importantly, cost **certainty** enables carriers to make longer-term network changes to support sustained rail volumes at the NWSA. A multi-year program provides that assurance.

Competition for international rail volume looks to intensify over the next 3-5 years as additional rail capacity and infrastructure comes on-line at other competing port gateways. Examples on the U.S. West Coast include the BNSF's Barstow project in Southern California and the Port of Long Beach's Pier B On-Dock Rail Support Facility. Canada has announced plans to construct new terminal capacity, focused on rail cargo. All of these projects will expand rail capacity and compete for volume.

New Service and Ad Hoc Call Incentive

Attracting a new international ocean service creates an **immediate** volume growth opportunity for the NWSA. A new service string can generate anywhere from 60,000 to 150,000 TEU of incremental volume per year. This incremental volume would support an estimated 720 -1200 jobs.[2]

Market research indicates that incentive programs are available, in some form, at most major ports in the U.S. and Canada. These include programs offered by the Port Authority, individual terminal operator companies, or a combination of both. Availability of an incentive program is emerging as a market necessity and lack of one can put the NWSA at a competitive disadvantage. Due to confidentiality restrictions, access and visibility to certain program details at other ports are limited.

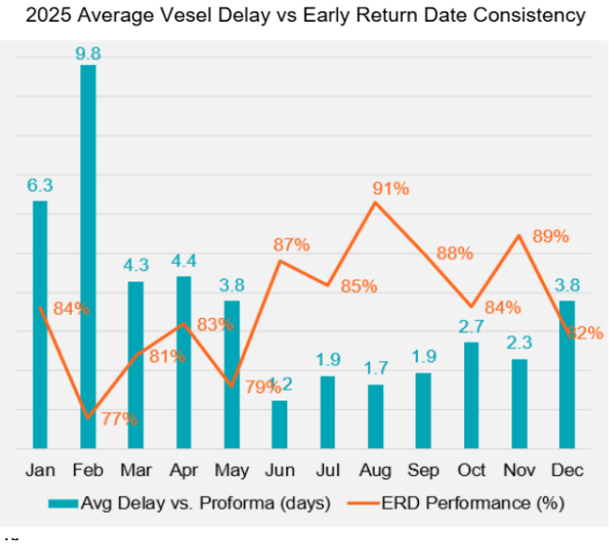
Voyage Consistency

The NWSA seeks longer-term industry behavior change by awarding and incentivizing reliable, consistent, and on-time international ocean container and intermodal rail services at our gateway. We believe this has downstream positive benefits for the entire supply chain.

[2] A study of the Marine Cargo Economic Impacts suggests that NWSA supports nearly more than 1.2 jobs per 100 TEUs. https://www.nwseaportalliance.com/sites/default/files/cai.nwsa-marine-cargo-economic-impacts-2019.pdf

Consistent ocean carrier service can improve truck turn times at our marine terminal gates, minimize dwell times, increase capacity for exports, improve rail planning, and reduce costs of drayage inefficiencies. There is significant potential for local environmental benefits from services that have better on-time performance. Operating trends in the ocean shipping industry align with this incentive concept. For example, the stated objective of the new alliance between Maersk and Hapag Lloyd (Gemini Cooperation) is to achieve ocean service schedule reliability above 90%. Other ocean carriers are similarly embarking on initiatives to improve overall voyage consistency.

- NWSA data shows that when vessels arrive on-time, service levels for **exporters** improves.
- Receiving windows to deliver exports to marine terminals are more consistent and longer when vessels are on-time.
- Saves costs for the exporter, improving reliability for truckers and allo wing export volume growth.



Results of the 2025 VCOTA program First Period:

Service Name	Frequency	Operator(s)	# Voids	Avg. Delay (hours)
HL - WC4 | ML - TP5	Weekly	Hapag-Lloyd, Maersk	0	-8.6
PN3	Weekly	ONE, HMM, Yang Ming	1	5.2
Westwood Service	Weekly	Swire Shipping	1	-6.7

Place	Service Name	Operator(s)	# Voyages	Award
First Place	WC4 (Hapag) | TP5 (Maersk)	Total	13	$166,667
		Hapag-Lloyd	6	$76,923
		Maersk	7	$89,744
Second Place	PN3	Total	12	$100,000
		HMM	3	$25,000
		Yang Ming	9	$75,000
Third Place	Westwood Service	Total	12	$66,667
		Swire Shipping	12	$66,667

BCO Incentive:

Building on the success of previous new incentive program pilot programs and elements, the NWSA seeks to pilot a BCO Incentive concept. A direct incentive payment to the BCOs ensures they receive the financial benefit and lowers their costs of moving cargo through the NWSA gateway. Staff is aware of existing BCO-focused incentive programs in other ports and views this as a market need to ensure competitiveness with other gateways.

D. FINANCIAL IMPLICATIONS

Source of Funds

This expense will be funded by NWSA operating income. The Homeports receive HMT funds that help offset HMT eligible project costs allowing NWSA operating funds to be used for incentive programs.

Financial Impact

The International Container Rail Cargo Incentive expense will be recognized when both the volume commitment and the balance requirements have been confirmed. This will most likely be at the end of each program year.

The Ad Hoc Call incentive of the New Vessel Service and Ad Hoc Call Incentive expense will be recognized when incurred. The New Vessel Service expense will be recognized when the required 12-month service period has been completed (or 6 months period if a seasonable service as allowed by this agreement).

The Voyage Consistency and On-Time Arrival Award expense will be recognized semi-annually in May and November of each year.

The BCO incentive expense timing will be determined when the program details are finalized.

The 2027 Operating Budget and 2028 through 2031 Operating Forecast included $15 million per year in incentive expenses. Based on the program details, 2027 is unlikely to be charged the full $15 million.

E. ATTACHMENTS TO THIS REQUEST

- Prior Rail Incentive Participation Agreement (as an example, new agreement forthcoming)
- Current Voyage Consistency and On-Time Arrival Award Participation Agreement, (as an example, new agreement forthcoming)

2025 Northwest Seaport Alliance
RAIL CARGO INCENTIVE PROGRAM
PARTICIPATING CARRIER AGREEMENT

This Northwest Seaport Alliance Rail Cargo Incentive Program Participating Carrier Agreement ("**Agreement**") is entered into by and between The Northwest Seaport Alliance ("**NWSA**") and _____ ocean carrier ("**Participating Carrier**") (each a "**Party**" and collectively the "**Parties**").

A. The NWSA is the 7th largest trade gateway in North America, consisting of the combined marine cargo operations of the Port of Seattle (North Harbor) and the Port of Tacoma (South Harbor).

B. The Ports and NWSA have invested billions of dollars in their marine cargo facilities and have prospered for many years by attracting cargo that generates jobs and revenue for the region.

C. Approximately half the cargo through the NWSA is bound for destinations outside of the Puget Sound region, primarily the Midwest.

D. The NWSA offers this 2025 Rail Cargo Incentive Program ("**Program**") to encourage International Ocean Container Carriers to grow their international intermodal rail cargo volumes to and from all inland ramp locations served and/or operated by Burlington Northern/Santa Fe Railroad (BNSF) and Union Pacific Railroad (UP) (together, "**Railroads**") and to encourage more consistent rail service by incentivizing carriers to achieve rail balance between inbound and outbound cargo.

E. International rail cargo volumes to and from the ramp locations in Minot, ND; Pocatello, ID; Portland, OR; and Wallula, WA served by the UP and/or BNSF are included in the scope of this Program.

example

Wherefore, based on the above, the Parties agree as follows:

1. **NWSA Rail Cargo Incentive Payments Performance Requirements**.

1.1 Volume Incentive Payment. During the Term of this Program and conditioned upon the Participating Carrier's compliance with this Agreement, for all Qualifying Rail Volumes over the Base Measurement (as such terms are defined in Section 2 herein), NWSA will pay to Participating Carrier $100 per rail lift ("**Volume Incentive Payment**"). Volume Incentive Payments to any Participating Carrier under this Program may not exceed $687,500. If, after payment of Volume Incentive Payments at the end of the

Term to all eligible ocean carriers, Authorized Funds remain, then the top two performing ocean carriers with the most international intermodal rail volume during the program term will share equally in the remaining Authorized Funds ("**Additional Volume Award**"). NWSA targets 60 days following the end of the Program for issuance of Volume Incentive Payments.

Balance Incentive Payment. During the Term of this Program, and conditioned upon the Participating Carrier's compliance with this Agreement, a Participating Carrier will receive $229,167 ("Balance Incentive Payment") if its outbound (westbound/export) international rail containers to NWSA are at least 80% of its inbound international rail volume (eastbound/import) via its rail service providers through NWSA terminals. Import loads, export loads and empty container repositioning rail lifts are eligible.

For example, if Carrier A moved 20,000 international intermodal containers inbound/eastbound between September 1, 2025 and May 31, 2026, it would be required to move at least 80% (16,000 containers) of international intermodal containers outbound/westbound through NWSA terminals.

NWSA targets 60 days following the end of the Program for issuance of Balance Incentive Payments.

Conditions for Payments. In addition to the performance requirements for the Volume Incentive Payment, Additional Volume Award, and Balance Incentive Payment described in Sections 1.1 and 1.2, incentive payments will be paid provided that all of the following conditions in Sections 1.3.1 – 1.3.3 have been met:

1.1.1 Participating Carrier is Current in all accounts with the NWSA. For purposes of this agreement, a carrier is deemed to be "**Current**" if all of its accounts with NWSA are paid or are less than 30 days past due on the date the Program ends. If a Participating Carrier is not Current on the date the Program ends, the Participating Carrier may become Current by paying all accounts past due as of the date of the end of the Program within 45 days of the end of the Program in order to remain eligible to receive the benefits of hereunder. If a carrier is not Current and has an account held in abeyance while such account is in dispute, the carrier is not eligible for the pending Incentive Payment unless there has been a resolution of the disputed amount and any payment required thereby has been paid in full;

1.1.2 The Participating Carrier executes and remains in compliance with this Agreement, expressly including ongoing permission for the Railroads to share a monthly report of Participating Carrier rail lifts to the NWSA; and

example

1.1.3 Funds remain in the 2025 Rail Incentive Program. The Parties acknowledge that a total of $11 million has been authorized for the Program ("**Authorized Funds**"), and multiple carriers are expected to participate. If Qualifying Rail Volumes across all participating carriers exhaust the Authorized Funds, the NWSA has no obligation to continue and may close or terminate the Program, making no further payments thereunder. If multiple carriers earn incentives in the period in which the funding for the Program is exhausted, NWSA will allocate remaining payments reimbursements to the participating and eligible carriers in an equitable fashion, at NWSA's sole and absolute discretion. The NWSA may seek authorization to increase the Authorized Funds, but is not obligated to do so, nor does NWSA make any representations regarding the availability of additional funds beyond the original authorization.

2. **Qualifying Rail Volumes and Measurement of Growth.** For the Volume Incentive Payment, payments are made only for Qualifying Rail Volumes, defined herein, which represent incremental growth in international intermodal rail cargo volumes to and from certain inland rail ramp locations based on a year over year comparison:

2.1 Base Measurement. A Base Measurement will be established by using reports provided by the Railroads showing international intermodal rail cargo lift activity to and from NWSA Gateway marine terminals and all inland ramp locations served and/or operated by the Railroads by the Participating Carrier for the base period of September 1, 2024 through May 31, 2025 ("**Base Measurement**").

2.2 Ongoing Reports. In addition to the reports used to form the Base Measurement, the Railroads will provide monthly volume updates by Participating Carrier in order to measure rail cargo growth.

2.3 Qualifying Rail Volumes. To be eligible for the Volume Incentive Payment and Additional Award, the Participating Carrier must increase total international intermodal rail lifts year-over-year compared with the corresponding Base Measurement's same period volumes for cargo moving between NWSA terminals and all inland ramp locations served and/or operated by Railroads ("**Qualifying Rail Volume**").

For example, if Carrier A moved 20,000 international intermodal lifts between September 1, 2024 and May 31, 2025, 20,000 lifts becomes the Base Measurement volume for Carrier A. If Carrier A moves 25,000 international intermodal rail lifts between September 1, 2025 and May 31, 2026, 5,000 lifts would be considered incremental and eligible for a $100/lift reimbursement or $500,000.

Import loads, export loads and empty container repositioning rail lifts are included in Qualifying Rail Volumes. For avoidance of doubt, both the Base Measurement and

example

the Qualifying Rail Volumes will be calculated by combining the volume activity of the entities listed together in the introductory paragraph of this Agreement as comprising the "Participating Carrier."

2.4 Timing of Lifts. Timing of a rail lift will be measured by the date on which the Railroads report a container being lifted on or off a rail car at a near-dock facility or interchanged to or from an NWSA on-dock facility.

2.5 Discrepancies in Reported Volumes. If a Participating Carrier disputes reported volumes from the information provided by the Railroads, the Participating Carrier shall address its dispute directly with the Railroads and the Participating Carrier is responsible for providing NWSA with the Railroads' corrected volume report within 45 days of receipt of any volume report update. NWSA will utilize any corrected reported volumes provided by the Railroads which shall be determinative. Failure of a Participating Carrier to provide NWSA with a corrected report by the Railroads within 45 days of receipt of the volume report update waives any claim of discrepancy.

2.6 Ineligible cargo volumes. Domestic intermodal cargo is not eligible for the Volume Incentive Cargo or Additional Award payments and will not be included in either the Base Measurement or the Qualifying Rail Volumes.

3. **Permission to Share Volume Reports.** Participating Carrier hereby gives permission for the Railroads to provide reports of Participating Carrier's rail lifts from September 1, 2024 through May 31, 2025 as well as monthly during the Term of this Agreement to the NWSA. The Railroads' reports will cover both on-dock and near-dock facilities. The report template in Exhibit B of this agreement must be used to submit monthly updates.

4. **Term & Termination.** The Term of this Agreement and the Program is September 1, 2025 through May 31, 2026. In addition to exhaustion of Authorized Funds as described in Section 1.3.3 of this Agreement, the NWSA reserves the right to cancel, terminate, or extend the Program at any time, in NWSA's sole and absolute discretion. The NWSA will provide notice of any cancellation, termination, or extension of the Program and this Agreement by email sent to the Participating Carrier Designated Representative identified herein at Paragraph 5. The Participating Carrier may terminate by providing notice of termination by email sent to the NWSA Designated Representative identified herein at Paragraph 5.

5. **Communications.** Any notice, demand, request, consent, approval, or communication that either Party desires or is required to give to the other Party shall be in writing addressed to the email addresses below unless otherwise indicated by the Parties to this Agreement. The Parties identify the following Designated Representatives:

example

NWSA: Steve Balaski, Director of Business Development
Phone: (206) 910-4573
Email: sbalaski@nwseaportalliance.com

Participating Carrier: Company Name:
Contact Name/Title:
Phone:
Email:

It is expected that the identified Designated Representatives will communicate frequently, to coordinate the execution of the Program.

6. **Independent Parties.** Nothing contained herein shall be construed as creating an employer/employee relationship between the NWSA and any Participating Carrier or individuals participating in the Program and/or benefiting from the Program payments. It is understood and agreed that this Agreement is solely for the benefit of the Parties hereto and gives no right to any other party. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of any Party shall be deemed, or represent themselves to be, employees of any of the other Party.

7. **Legal Obligations.** This Agreement does not relieve either Party of any obligation or responsibility imposed upon it by law.

8. **Timely Performance**. The requirements of this Agreement shall be carried out in a timely manner according to the terms herein.

9. **Audit of Records.** During the term of this Agreement, and for a period not less than six (6) years from the date of termination, the Parties shall retain all records and accounts pertaining to the work of this Agreement and accounting therefore shall be kept by the Parties and shall be available for inspection and audit by representatives of either Party and any other entity with legal entitlement to review said records. If any litigation, claim, or audit is commenced, the records and accounts along with supporting documentation shall be retained by the Parties until all litigation, claims, or audit finding has been resolved, even though such litigation, claim, or audit continues past the six-year (6) retention period. This provision is in addition to and is not intended to supplant, alter or amend records retention requirements established by applicable state and federal laws.

10. **Dispute Resolution Process**. The Parties' Designated Representatives under Paragraph 5 herein shall use their best efforts to resolve disputes between the Parties, provided however, any discrepancies in reported volumes shall be addressed as set forth in Section 2.5 herein. For all other disputes, if the Designated Representatives are unable to resolve a dispute, the matter shall be reviewed by the Chief Executive Officer of each

example

Party or their designee to attempt to reach resolution. The Parties agree to exhaust each of these procedural steps before seeking to further resolve the dispute by arbitration. Any remaining controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be submitted for determination by binding arbitration. Subject to preliminary resolution requirements of this dispute resolution process, the Parties agree to arbitration of all disputes arising under this agreement in Pierce County, Washington before a single arbitrator using the rules for adjudication of the American Arbitration Association. The arbitrator shall be selected by mutual agreement of the parties, and any such arbitrator shall be an attorney admitted to practice law Washington State.

11. **Controlling Law & Venue.** This Agreement shall be construed and enforced according to the laws of the State of Washington, and venue for any dispute resolution arising out of this Agreement shall be in Pierce County Washington.

12. **Indemnification and Hold Harmless.** The Parties release each other from, and shall defend, indemnify, and hold each other and agents, employees, and/or officers harmless from and against all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, made by or on behalf of the other Party and/or its agents, employees, officers, and/or subcontractors, arising out of or in any way related to this Agreement, unless and except to the extent the same be caused in whole or in part by the negligence of a Party or its agents, employees, and/or officers. This Agreement includes a waiver of subrogation against all losses sustained by either Party and/or its agents, employees, officers, subcontractors, and/or insurers, arising out of or related to this Agreement except to the extent the Parties' losses are caused in whole or in part by the negligence of the other Party or its agents, employees, and/or officers. Each Party specifically assumes liability for actions brought by its own employees against the other Party and for that purpose each Party specifically waives, as respects the other Party only, any immunity under the Worker's Compensation Act, RCW Title 51 which provision is the subject of mutual negotiation. Neither Party will be held responsible for the other Party's attorney's fees, costs or other legal expenses incurred to enforce the provisions of this Agreement. No liability shall attach to any of the Parties by reason of entering into this Agreement except as expressly provided herein. The provisions of this Article 12 shall survive any termination or expiration of this Agreement.

example

13. **Severability.** If any term or provision of this Agreement, or its application to any person or circumstance is ruled invalid or unenforceable, the remainder of this Agreement will not be affected and will continue in full force and effect.

14. **Entire Agreement/Amendment.** This Agreement, together with any documents incorporated by reference shall constitute the entire agreement between the Parties with respect to the Program and shall supersede all prior agreements, proposals, understandings, representations, correspondence, or communications relating to the

subject matter hereof. No modification or amendment of this Agreement shall be valid and effective unless approved by both parties in writing.

15. **Authorization**. Each Party warrants that the signers below have authority to bind its respective Party hereto.

WHEREFORE, the parties have executed this Agreement on the dates set forth below.

The Northwest Seaport Alliance	Participating Carrier: _____
_____	_____
John Wolfe Chief Executive Officer	By: Its:
Date _____	Date _____

Attachments: **Exhibit A** Payment Information Form

Exhibit B Monthly Report Template

example

EXHIBIT A -PAYMENT INFORMATION (Check only)

Ocean Carrier: _____ Federal ID #:_____

Address: _____

City: _____ State: _____ Zip Code: _____

Contact Name: _____ Phone #: _____

Job Title: _____ Email: _____

Remit to Address (if different from above):_____

City: _____ State: _____ Zip Code: _____

Exhibit B - Monthly report template [to be inserted]

example

2026 Northwest Seaport Alliance
VOYAGE CONSISTENCY AND ON-TIME ARRIVAL
AWARD PROGRAM
CARRIER ENROLLMENT AGREEMENT

This Northwest Seaport Alliance Voyage Consistency and On-Time Arrival Award Program Carrier Enrollment Agreement ("Agreement") is entered into by and between The Northwest Seaport Alliance ("NWSA") and _____ ocean carrier ("Participating Carrier") (each a "Party" and collectively the "Parties").

A. The NWSA is the 7th largest trade gateway in North America, consisting of the combined marine cargo operations of the Port of Seattle (North Harbor) and the Port of Tacoma (South Harbor).

B. The Ports and NWSA have invested billions of dollars in their marine cargo facilities and have prospered for many years by attracting cargo that generates jobs and revenue for the region.

C. The NWSA offers this Voyage Consistency and On-Time Arrivals Award Program ("Award Program") to encourage industry behavior change by recognizing, awarding and incentivizing reliable, consistent and on-time international ocean container service levels at our gateway.

D. NWSA expects improvements in on-time arrivals to have downstream positive benefits for the entire supply chain by improving truck turn times, minimizing cargo dwell times, increasing capacity for exports, improving rail planning, and reducing costs of drayage inefficiencies. Additionally, there is potential for local environmental benefits from services that have better on-time performance.

Wherefore, based on the above, the Participating Carrier seeks to enroll in the Award Program and agrees as follows:

1. **NWSA Voyage Consistency and On-Time Arrival Award Program**. The Award Program is a semi-annual public recognition and financial award program recognizing the top three international ocean carriers whose service delivers the best voyage consistency and on-time arrival performance in the NWSA Gateway. The top three performing Participating Services in this Award Program will be publicly announced, and the awardees may also be eligible to receive a monetary award as more specifically set forth herein.

1.1 Monetary Award Eligibility. A Participating Carrier is only eligible for the monetary portion of this award if, at the end of the Award Period, it meets the eligibility requirements set forth in Sections 1.1.1 – 1.1.3 ("Eligibility Requirements") and the

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Example

Service Performance Requirements set forth in Section 1.2.1.

1.1.1 The Participating Carrier must be Current in all accounts with the NWSA on the final day at the end of the applicable Award Period. For purposes of this agreement, a carrier is deemed to be "Current" if all of its accounts with NWSA are paid or are less than 30 days past due on the date the program Award Period ends, as identified in Section 2, but which may be sooner if the Award Program is terminated earlier per Section 2 of this Agreement. If a Participating Carrier is not Current on the date the Award Period ends, the Participating Carrier may become Current within 45 days of the end of the Award Period by paying all accounts past due as of the date of the end of the respective Period in order to remain eligible to receive the benefits of the Award Program; and

1.1.2 The Participating Carrier executes and remains in compliance with this Agreement.

1.1.3 The Participating Carrier maintains an eligible service throughout the duration of the applicable Award Period.

1.2 Service Performance. In addition to the Eligibility Requirements of Section 1.1, to receive the monetary portion of the award, a Participating Carrier must meet or exceed the following Service Performance Requirements set forth in Section 1.2.1, which will be measured and evaluated as set forth in Section 1.2.2 – 1.2.5.

1.2.1 Service Performance Requirements. As used herein, the term "Service Performance Requirements" are:

1.2.1.1 Qualifying services are those for international container sailings to NWSA licensed terminals (for example: Terminals 5, 18, 25/30, 46 in the North Harbor and Husky, WUT, and PCT in the South Harbor), and weekly and fortnightly international services are eligible.

1.2.1.2 The Participating Carrier may have no more than two (2) void sailings for weekly services or one (1) void sailings for fortnightly services during the applicable Award Period. A void sailing, also known as a blank sailing, is when ocean carrier(s) cancel a scheduled voyage to a NWSA port call that was previously announced as part of its originally advertised pro forma rotation ("Sailing Schedule"). Participating Carrier is required to provide a listing of the services on which it participates, which is attached hereto as Exhibit A. Void sailings and Sailing Schedules will be evaluated against the services listed on Exhibit A. If a Participating Carrier begins a new service at any point after the start of the applicable Award Period, the corresponding sailings (whether weekly or fortnightly) which would have

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occurred during the applicable Award Period, but were prior to commencement of the new service, will be deemed to be void sailings. (For example, if the Participating Carrier begins a new weekly service on July 18, 2026, there are three weeks between the beginning of the appliable Award Period and beginning of the new service, so the Participating Carrier will be deemed to have three void sailings at the beginning of the new service.)

1.2.1.3 Participating Carrier may have no more than a 24-hour average delay measured against the Participating Carrier's pro forma estimated time of arrival including time and day of week to arrival at berth, as published and defined by the third-party maritime reporting platform eeSea.com ("Pro Forma ETA") over the applicable Award Period. Pro Forma ETA will be provided by third-party reporting service eeSea by Xeneta (see section 1.3.3 Service Performance Tracking), which Participating Carrier will have opportunity to review and correct Pro Forma ETA with mutual agreement with NWSA.

1.2.2 Service Performance Measurement. Performance is measured on weekly and fortnightly international container services. The financial awards to the carriers who achieve the minimum performance requirements will be evaluated and determined by the following criteria:

1.2.2.1 Most voyages that called NWSA by service during the applicable Award Period; followed by

1.2.2.2 The most voyages that arrived within ± 24-hour window of Proforma ETA and

1.2.2.3 If multiple services achieve the same number of voyages and the most voyages that arrived within ± 24-hour window of Proforma ETA, the lowest average hours delayed by service during the applicable Award Period will prevail.

As an example:

Carrier A had 23 of 26 voyages, 20 voyages within ± 24-hour window, and average 8 hrs delayed
Carrier B had 25 of 26 voyages, 22 voyages within ± 24-hour window, and average 20 hrs delayed

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Example

Carrier C had 12 of 13 voyages (fortnightly service), 9 voyages ± 24-hour window, and avg 5 hrs delayed

Above would be awarded per Award Period as follows:

1st Place: Carrier B (had most voyages, still within 24-hour average delay), receives $250,000.

2nd Place: Carrier A (had second most voyages, still within 24-hour average delay), receives $150,000.

3rd Place: Carrier C (had fewer voyages than B or A, still within 24-hour average delay), receives $100,000.

1.2.3 Service Performance Exceptions. Events such as port congestion in other ports, engine malfunction, severe weather will not apply as exceptions to the Service Performance Requirements. Only the following exceptions set forth in Sections 1.2.3.1- 1.2.3.4 to specific voyages which delay a vessel from berthing at NWSA terminal ("Exceptions") will be considered. The condition of the Exception will be established by AIS data tracking. Any request for an Exception shall be made in writing by Participating Carrier via email to John Tullis at jtullis@nwseaportalliance.com and must be made within seven (7) calendar days of the occurrence giving rise to the claimed Exception or is otherwise waived. Requests for Exceptions shall also include any substantiation or evidence the Participating Carrier seeks to have considered in support of its request, including AIS data tracking. NWSA will, in its sole and absolute discretion, determine whether the Exception is granted, and advise the Participating Carrier of its determination within seven (7) days of the written request.

1.2.3.1 Malfunction of a ship-to-shore crane at the ocean service's designated NWSA marine terminal, e.g. unable to raise crane boom that prevents berthing.

1.2.3.2 All berths occupied by other non-affiliated ocean carrier vessels. If a vessel operated by the same ocean carrier or operational alliance is occupying the berth, this exception does not apply.

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Example

1.2.3.3 Lack of labor availability or other labor issue that prevents timely arrival to berth.

1.2.3.4 Waterway or terminal berth obstruction that is within NWSA's or the marine terminal operator's control that prevents timely arrival to berth.

1.2.4 Service Performance Tracking. The NWSA will use eeSea by Xeneta (https://www.eesea.com/) to track service proforma schedules and actual arrival information and to evaluate Service Performance Requirements. eeSea will generate a tracking report that NWSA will make available to participating carriers periodically throughout the applicable Award Period. eeSea's "Berth Arrival" date and time will be the actual time of arrival (ATA) at NWSA terminals and will be used for measurement against the proforma ETA to find the average delay over the Award Period.

1.2.5 Service Rotation Change or Suspension. The Parties recognize that ocean services may change throughout the year, including port calls, NWSA proforma schedule, and vessel operators within a vessel sharing agreement.

1.2.5.1 The Award Program measures performance by service name and does allow for changes within the proforma, so long as the ocean carrier(s) continue to market the service the same during the same Award Period, unless a service is suspended and replaced by another service in the same trade lane. Ad hoc calls diverted from other existing services to NWSA-licensed terminals do not qualify as measurable voyage(s).

1.2.5.2 For any service operated within a vessel sharing agreement (VSA) and a carrier leaves the VSA during the Award Period, but the service continues under the same name, Participating Carriers for that service will still be eligible to receive the award. Any financial award achieved will still be paid to carrier(s) based on share of voyages operated, regardless of whether the carrier stopped operating vessels in that service during the applicable Award Period.

1.3 Allocation of Monetary Award. The Parties hereto acknowledge and agree that a total of $1 million USD has been authorized for the Award Program to be allocated equally across the Award Periods, and multiple carriers are expected to participate.

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1.3.1 Only the top three performing international container services and the associated vessel operating ocean carrier(s) meeting the Eligibility Requirements and the Service Performance Requirements and will be eligible for the monetary award.

1.3.2 Monetary awards in each Award Period will be as follows: $250,000 for first place, $150,000 for second place, and $100,000 for third place. If multiple ocean carriers operate vessels in the same qualifying service, award money will be divided among vessel operators according to share of voyages they operate within the Award Period. In the event of a tie for first, second, or third place, the corresponding award funds will be shared equally among the tied awardees. In the event there are not monetary award recipients in each of the three places, residual funds in this Award Program will remain with NWSA.

1.4 Recognition. Public recognition will be made of the top three Participating Carriers even if one or more such carriers do not achieve Eligibility Requirements or the Service Performance Requirements for a monetary award.

1.5 Discrepancies in Reported Schedules. If a Participating Carrier disputes the information provided by eeSea by Xeneta, the Participating Carrier shall address its dispute directly with eeSea, with a copy to NWSA, and the Participating Carrier is responsible for providing NWSA with the eeSea's corrected record of proforma schedule, record of voyage performed/void, or record of berth arrival report within 45 days of receipt of the initial report. NWSA will utilize any corrected data from eeSea, which shall be determinative. Failure of a Participating Carrier to provide NWSA with a corrected report by eeSea within 45 days of receipt of the initial report waives any claim of discrepancy.

1.6 NWSA Has Sole Award Authority. Eligibility for this Award Program, measurement of Participating Carriers' Service Performance, tracking of Service Performance, granting of any Exceptions thereto, and determination the top three awardees hereunder are all in the NWSA's sole and absolute discretion. Additionally, should funding for this Award Program be suspended, terminated, or otherwise withdrawn, the Parties acknowledge and agree that NWSA would have no obligation to make the monetary awards described herein.

2. Term, Award Periods & Termination. The "**Term"** of this Agreement is June 27, 2026 – June 25, 2027, with two separate Award Periods, defined below (each, an "Award Period"):

- June 27, 2026 through December 25, 2026

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- December 26, 2026 through June 25, 2027

The NWSA reserves the right to cancel, terminate, or extend the Award Program at any time, in NWSA's sole and absolute discretion, and under such terms and conditions by NWSA, including whether to award or withhold any monetary award. The NWSA will provide notice of any cancellation, termination, or extension of the Award Program and this Agreement by email sent to the Participating Carrier Designated Representative identified herein at Paragraph 3. The Participating Carrier may terminate by providing notice of termination by email sent to the NWSA Designated Representative identified herein at Paragraph 3.

3. Communications. Any notice, demand, request, consent, approval, or communication that either Party desires or is required to give to the other Party shall be in writing addressed to the email addresses below unless otherwise indicated by the Parties to this Agreement. The Parties identify the following Designated Representatives:

NWSA: John Tullis
Phone: (253) 219-3338
Email: jtullis@nwseaportalliance.com

Participating Carrier: Company Name:
Contact Name/Title:
Phone:
Email:

It is expected that the identified Designated Representatives will communicate frequently, to coordinate the execution of the Incentive Program.

4. Independent Parties. Nothing contained herein shall be construed as creating an employer/employee relationship between the NWSA and any Participating Carrier or individuals participating in the Award Program and/or benefiting from the Award Program payments. It is understood and agreed that this Agreement is solely for the benefit of the Parties hereto and gives no right to any other party. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of any Party shall be deemed, or represent themselves to be, employees of any of the other Party.

5. Legal Obligations. This Agreement does not relieve either Party of any obligation or responsibility imposed upon it by law.

6. Timely Performance. The requirements of this Agreement shall be carried out in a timely manner according to the terms herein.

7. Audit of Records. During the Term of this Agreement, and for a period not less than six (6) years from the date of termination, the Parties shall retain all records and accounts pertaining to the work of this Agreement and accounting therefore shall be kept by the Parties and shall be

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available for inspection and audit by representatives of either Party and any other entity with legal entitlement to review said records. If any litigation, claim, or audit is commenced, the records and accounts along with supporting documentation shall be retained by the Parties until all litigation, claims, or audit finding has been resolved, even though such litigation, claim, or audit continues past the six-year (6) retention period. This provision is in addition to and is not intended to supplant, alter, or amend records retention requirements established by applicable state and federal laws.

8. Dispute Resolution Process. The Parties' Designated Representatives under Section 3 herein shall use their best efforts to resolve disputes between the Parties, provided however, any discrepancies in reported volumes shall be addressed as set forth in Section 1.5 herein. For all other disputes, if the Designated Representatives are unable to resolve a dispute, the matter shall be reviewed by the Chief Executive Officer of each Party or their designee to attempt to reach resolution. The Parties agree to exhaust each of these procedural steps before seeking to further resolve the dispute by arbitration. Any remaining controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be submitted for determination by binding arbitration. Subject to preliminary resolution requirements of this dispute resolution process, the Parties agree to arbitration of all disputes arising under this agreement in Pierce County, Washington before a single arbitrator using the rules for adjudication of the American Arbitration Association. The arbitrator shall be selected by mutual agreement of the parties, and any such arbitrator shall be an attorney admitted to practice law Washington State.

9. Controlling Law & Venue. This Agreement shall be construed and enforced according to the laws of the State of Washington, and venue for any dispute resolution arising out of this Agreement shall be in Pierce County, Washington.

10. Indemnification and Hold Harmless. The Parties release each other from, and shall defend, indemnify, and hold each other and agents, employees, and/or officers harmless from and against all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, made by or on behalf of the other Party and/or its agents, employees, officers, and/or subcontractors, arising out of or in any way related to this Agreement, unless and except to the extent the same be caused in whole or in part by the negligence of a Party or its agents, employees, and/or officers. This Agreement includes a waiver of subrogation against all losses sustained by either Party and/or its agents, employees, officers, subcontractors, and/or insurers, arising out of or related to this Agreement except to the extent the Parties' losses are caused in whole or in part by the negligence of the other Party or its agents, employees, and/or officers. Each Party specifically assumes liability for actions brought by its own employees against the other Party and for that purpose each Party specifically waives, as respects the other Party only, any immunity under the Worker's Compensation Act, RCW Title 51 which provision is the subject of mutual negotiation. Neither Party will be held responsible for the other Party's attorney's fees, costs or other legal expenses incurred to enforce the provisions of this Agreement. No liability shall attach to any of the Parties by reason of entering into this

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Agreement except as expressly provided herein. The provisions of this Article 12 shall survive any termination or expiration of this Agreement.

11. Severability. If any term or provision of this Agreement, or its application to any person or circumstance is ruled invalid or unenforceable, the remainder of this Agreement will not be affected and will continue in full force and effect.

12. Entire Agreement/Amendment. This Agreement, together with any documents incorporated by reference shall constitute the entire agreement between the Parties with respect to the Award Program and shall supersede all prior agreements, proposals, understandings, representations, correspondence, or communications relating to the subject matter hereof. No modification or amendment of this Agreement shall be valid and effective unless approved by both parties in writing.

13. Authorization. Each Party warrants that the signers below have authority to bind its respective Party hereto.

WHEREFORE, the parties have executed this Agreement on the dates set forth below.

The Northwest Seaport Alliance	Participating Carrier:
John Wolfe Chief Executive Officer	By: Its:
Date _____	Date _____

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EXHIBIT A

For purposes of this Agreement and the associated Award Program, Participating Carrier discloses its participation on the following service strings and advertised frequency ("weekly" or "fortnightly") calling the NWSA Gateway:

Service(s)	Frequency (weekly or fortnightly)
_____	_____
_____	_____
_____	_____
_____	_____

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Item No.: 10B
Meeting Date: Dec. 1, 2026

2027-2029 Cargo Incentive Program

THE NORTHWEST SEAPORT ALLIANCE
SEATTLE + TACOMA

Steve Balaski, Director of Business Development
Commercial Team

1

Action Requested

Request the Managing Members of The Northwest Seaport Alliance (NWSA) to authorize $30 million in funding for and the establishment of a two-year Cargo Incentive Program.

2

Synopsis

Based on current market conditions, feedback from the NWSA's carrier customers and results from prior incentive programs, the proposed 2027 - 2029 Cargo Incentive Program is expected to help retain and grow international container volume, attract new international ocean services and BCOs while incentivizing reliable and consistent service levels in the NWSA Gateway.

Staff recommends a 2027- 2029 Cargo Incentive Program, divided into two individual Program Years, and which includes the following elements:

- International Ocean Carrier Rail Cargo incentive program
- New Service and Ad Hoc Call incentive
- Voyage Consistency and On-Time Arrival (VCOTA) program
- BCO incentive program

- **Term:** May 2027 – April 2029: comprised of two single-program years

- **Suggested program funding:** $15 million per program year. A total of $30 million for the two years.

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Synopsis

Incentive Program Element	Estimated Impact
International Rail Cargo	• Support up to 340,000 to 420,000 rail lifts annually. • Estimated potential of 30,000-35,000 incremental rail lifts, which would support 650-750 jobs*; • Expected to support 4500+ ILWU shifts or equivalent of 17-20 full-time ILWU jobs.
New Vessel Service and Ad Hoc Call	• 60,000 to 150,000 TEU of incremental volume per year per new service, supporting an estimated 720 - 1200 jobs*. • 2000-5000 TEU of incremental volume per Ad Hoc call
Voyage Consistency and On-Time Arrial	Consistent ocean carrier service improves truck turn times, minimizes cargo dwell times, increases capacity for exports, improves rail planning, and reduce costs of drayage inefficiencies.
BCO Incentive (to be defined)	Sustained and incremental volume growth directly from key shippers.

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*Source: CAI Marine Cargo Economic Impact Analysis

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Synopsis

Incentive Program Element	Participant	Proposed Allocation Level Per Program Year*
International Rail Cargo	Ocean Carrier	$10 million
New Vessel Service and Ad Hoc Call	Ocean Carrier	$2 million
Voyage Consistency and On-Time Arrial	Ocean Carrier	$1 million
BCO Incentive**	Beneficial Cargo Owner (Shipper)	$2 million
	Total Per Program Year*	$15 million

*These are anticipated funding allocations of the total Cargo Incentive Program approval request, per Program Year. It is anticipated that $15 million would be allocated to each Program Year as proposed, however, in order to maximize the impact of the overall Program, staff recommends the ability to reallocate the approved funds to different Program Elements and Program Years based on actual participation levels.

** BCO Program specifics to be presented at a future date for authorization

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International Ocean Carrier Rail Cargo Incentive

Proposed Incentive Summary
Eligible participating ocean carriers who achieve the terms of the program will receive a volume-based incentive payment for each tier achieved as listed in the following table.

Volume (rail lifts)	Incentive Payment if Tier is reached
20,000 lifts (up to 40,000 lifts)	$500,000
>40,000 lifts (up to 60,000 lifts)	$500,000
>60,000 lifts	$500,000

Tier incentives are cumulative. For example:

More than 20,000 lifts: **$500,000**
More than 40,000 lifts: **$1,000,000 total** ($500,000 Tier 1 + $500,000 Tier 2)
More than 60,000 lifts: **$1,500,000 total** ($500,000 Tier 1 + $500,000 Tier 2 + $500,000 Tier 3)

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International Ocean Carrier Rail Cargo Incentive

Minimum Volume Requirement:
Ocean Carriers must move a **minimum of 20,000** lifts of intermodal cargo through the NWSA in a program year to participate in this program.

Balance Requirement: Ocean carriers must achieve **75% rail balance**

Suggested program allocation: $10 million per program year.

The expected maximum reimbursement per carrier would be $1,500,000 per Program Year.

The suggested term of the program for year one is May 1, 2027 through April 30, 2028. The term of the second year is anticipated to be May 1, 2028 through April 30, 2029.

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Program Impacts

Anticipated Rail Volume:
The expected range of volume this program could generate is 340,000 to 420,000 rail lifts annually. Actual lifts will depend on how many carriers reach each volume tier.

Estimated **incremental** volume potential is 30,000-35,000 lifts

Forecasted Volume Range and Incentive Award Per Program Year

Minimum Estimate	180,000	Lifts	Nine carriers achieve Tier 1	$	4,500,000
Medium Estimate	340,000	Lifts	Nine carriers achieve Tier 1 and Eight carriers achieve Tier 2	$	4,000,000
High Estimate	420,000	Lifts	Eight carriers achieve Tier 2 and three carriers achieve Tier 3	$	1,500,000
				$	10,000,000

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Program Impacts and Justification

Rail volume remains the most immediate opportunity to grow container volumes at the NWSA and previous rail incentive programs have been effective in retaining and growing rail cargo.

Cost remains a key criteria for ocean carriers in rail routing decisions. The incentive program, along with targeted Class 1 Railroad pricing, help keep the NWSA gateway competitive.

Cost **certainty** enables carriers to make longer-term network changes to support sustained rail volumes at the NWSA. A multi-year program provides that assurance.

The tiered concept provides three different levels to motivate all carriers to move up to the next level, e.g. carrier moving 32K lifts could be motivated to move 40K, and a carrier moving 15K lifts could be motivated to move 20K.

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Rail Incentive Program Results

Feedback from ocean carriers indicates that a rail incentive program can be an effective tool to retain and support additional intermodal rail volumes through the NWSA gateway. Results of previous rail incentive programs validate this feedback.

A regression analysis performed by staff found that during months when a rail incentive was in place, the NWSA received, on average, **5,537 additional IPI units per month**. The analysis did account for seasonal fluctuations and differences between years. The results were statistically significant, **meaning the positive relationship is unlikely to be due to random variation alone**.

The statistical analysis indicates a strong positive relationship between rail incentives and increased IPI volumes. Although other factors may have influenced cargo activity, the findings provide evidence that **the incentive was likely a contributing factor to the higher volumes observed**.

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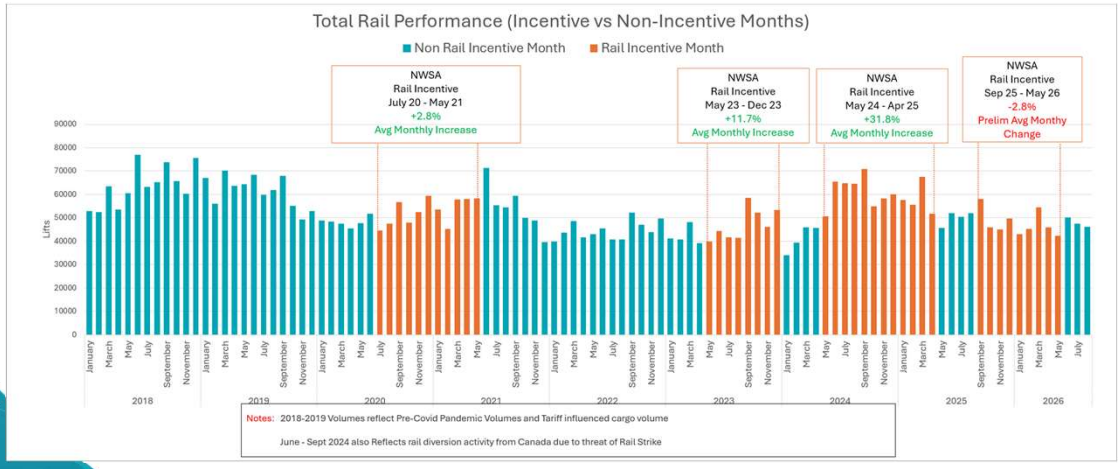
Rail Incentive Program Results



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11

New Service/Ad Hoc Service Incentive

Objective:
Attract new international ocean services or “ad hoc” calls to the NWSA and the associated volume growth.

New Service:
Ocean carriers who initiate a new weekly or fortnightly service will be eligible for $20 per laden box, up to a maximum of $1,000,000 during the first 12-month period of the service.

Ad Hoc Service:
Ocean carriers who direct an Ad Hoc call to the NWSA will be eligible for $10 per laden box up to a maximum of $25,000 per vessel call. Carriers may receive this incentive for a maximum of three Ad Hoc calls per carrier or alliance in a 12-month period.

Anticipated funding allocation for the New Service and Ad Hoc Call Incentive: **$2 million per Program Year.**

In order to maximize the impact of the overall Program, staff recommends the ability to adjust incentive amounts based on participation levels.

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New Service/Ad Hoc Service Incentive

New Service defined as:

- Carrier adds an NWSA call to an existing Transpacific or Latin America/All Water Europe string on a weekly or fortnightly basis for s minimum of 12 months.
- Carrier launches an entirely new service string that calls NWSA.
- A new service may include a "shuttle" service that moves cargo between a single market and the NWSA (for example, a port in Mexico and the NWSA)

Ad Hoc call defined as:

- An additional sailing or "extra loader". For example, when demand spikes due to unexpected surges in cargo, or because of market volatility – a carrier may add an extra vessel to its schedule. This is referred to as an extra loader.
- A call diverted to the NWSA for a single call from a string that serves other West Coast ports as part of its current regular rotation.

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Program Impacts and Justification

Attracting a new international ocean service creates an **immediate** volume growth opportunity for the NWSA. A new service string can generate anywhere from 60,000 to 150,000 teu of incremental volume per year. This incremental volume would support an estimated 720 -1200 jobs*.

Market research indicates that incentive programs are available, in some form, at most major ports in the U.S. and Canada. These include programs offered by the Port Authority, individual terminal operator company or a combination of both.

Availability of an incentive program has emerged as a market necessity and lack of one can put the NWSA at a competitive disadvantage. Access and visibility to certain program details at other ports are limited due to confidentiality requirements.

*Source: CAI Marine Cargo Economic Impact Analysis

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Voyage Consistency and On -Time Arrival Award Incentive

Rationale: A performance award program to encourage international container service voyage consistency and on-time performance.

Incentive eligible participants: International Ocean Carriers serving the NWSA.

Suggested funding allocation level: $1 million per Program Year

Term: Two one-year terms: The suggested first year term is anticipated to be May 22, 2027 through May 26, 2028, which align with port months June-May. The suggested second year term is anticipated to also align with port months June 2028 – May 2029.

Carriers must achieve metrics related to void sailings and on-time arrivals to be eligible for an award payment.

Top 3 performing ocean services carriers eligible for a monetary award.

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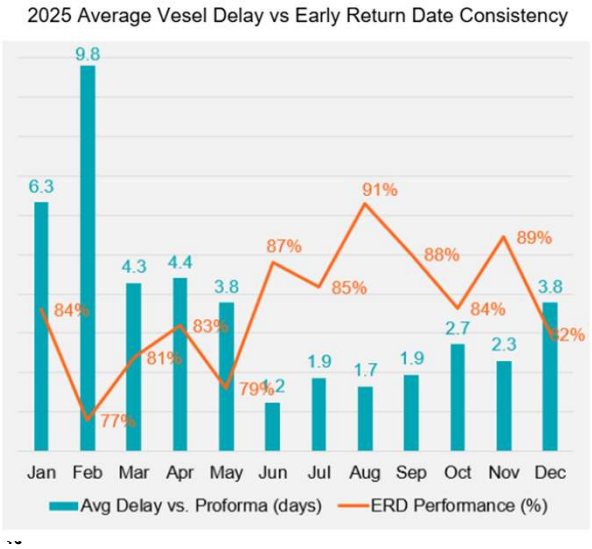
Benefits of the VCOTA Incentive

- NWSA data shows that when vessels arrive on-time, service levels for **exporters** improves.
- Receiving windows to deliver exports to marine terminals are more consistent and longer when vessels are on-time.
- Saves costs for the exporter, improving reliability for truckers and allo wing export volume growth.



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Results of the 2025 VCOTA program First Period:

Service Name	Frequency	Operator(s)	# Voids	Avg. Delay (hours)
HL - WC4 | ML - TP5	Weekly	Hapag-Lloyd, Maersk	0	-8.6
PN3	Weekly	ONE, HMM, Yang Ming	1	5.2
Westwood Service	Weekly	Swire Shipping	1	-6.7

Place	Service Name	Operator(s)	# Voyages	Award
First Place	WC4 (Hapag) | TP5 (Maersk)	Total	13	$166,667
		Hapag-Lloyd	6	$76,923
		Maersk	7	$89,744
Second Place	PN3	Total	12	$100,000
		HMM	3	$25,000
		Yang Ming	9	$75,000
Third Place	Westwood Service	Total	12	$66,667
		Swire Shipping	12	$66,667

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BCO Incentive

Staff requests approval to establish a direct incentive program with Beneficial Cargo Owners (BCOs). The BCO is commonly viewed by the industry as the ultimate driver of cargo routing decisions. This program will seek to help retain and grow volume from the NWSA's BCO customers. A direct incentive payment to the BCOs ensures they receive the financial benefit and lowers their costs of moving cargo through the NWSA gateway.

Program details remain under development while Staff continues to evaluate various terms to ensure maximum benefit. **Program details will be presented at a future date for authorization.**

Anticipated funding allocation for the BCO Incentive is **$2 million per Program Year.**

Once authorized, it is anticipated that the associated Participation Agreement will be in place prior to May 1, 2027.

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Financial Implications

Source of Funds
This expense will be funded by NWSA operating income. The Homeports receive HMT funds that help offset HMT eligible project costs allowing NWSA operating funds to be used for incentive programs.

Financial Impact

The International Container Rail Cargo Incentive expense will be recognized when both the volume commitment and the balance requirements have been confirmed. This will most likely be at the end of each program year.

The Ad Hoc Call incentive of the New Vessel Service and Ad Hoc Call Incentive expense will be recognized when incurred. The New Vessel Service expense will be recognized when the required 12-month service period has been completed (or 6 months period if a seasonable service as allowed by this agreement).

The Voyage Consistency and On-Time Arrival Award expense will be recognized semi-annually in May and November of each year.

The BCO incentive expense timing will be determined when the program details are finalized.

The 2027 Operating Budget and 2028 through 2031 Operating Forecast included $15 million per year in incentive expenses. Based on the program details, 2027 is unlikely to be charged the full $15 million.

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Action Requested

Request the Managing Members of The Northwest Seaport Alliance (NWSA) to authorize $30 million in funding for and the establishment of a two-year Cargo Incentive Program.

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