

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 9B
Meeting Date: May 5, 2026

DATE: *April 27, 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: 2026 NWSA Cargo Incentive Program

A. ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize \$30 million in funding for and establishment of two years of the NWSA Cargo Incentive Program, including the following incentive elements: (1) Voyage Consistency and On-Time Arrival Award; (2) International Container Rail Cargo Incentive; and (3) International Container Rail Target Market Incentive in substantially the same form as presented.

B. SYNOPSIS

Based on current market conditions, feedback from NWSA's carrier customers and results from prior incentive programs, the proposed 2026 Cargo Incentive Program and its three separate incentives are expected to help protect NWSA rail market share, encourage incremental increases in international intermodal rail volumes and incentivize consistent international ocean container and intermodal rail services in the gateway.

Staff proposes a two-year program to enhance its overall effectiveness. Participants would be assured of the availability of the incentive benefits beyond the initial year, empowering them to make longer-term network changes to increase cargo volumes at the NWSA.

The proposed 2026 Program includes the following elements:

1. 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.
- The NWSA would make \$1 million available each program year to incentivize participation in the program.
- Two one-year terms: the suggested first year term of the program is May 23, 2026 through May 21, 2027, which align with port months June-May. The suggested second year term is anticipated to be May 22, 2027 through May 26, 2028.
- 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 ocean carrier is required to enter into the NWSA's Participation Agreement that outlines program eligibility, requirements and other program details.
- The service must call the NWSA for the duration of the Period term to be eligible.

2. International Container Rail Cargo Incentive Targeting Ocean Carriers

Proposed Program Summary

The program will consist of **two** metrics to determine the incentive eligibility and payment.

A. Balance Metric:

- During the term of the program, participating ocean carriers moving international IPI rail volume (import/eastbound) through NWSA terminals, must move at least 80% of the same number of international containers outbound (export/westbound) for export to the NWSA via their railroad service providers. This supports repositioning of rail cars to the NWSA and ensures a “balanced” network for rail movement.
- Up to \$3 million of the authorized program funding per program year will be allocated to the Balance metric.
- The maximum reimbursement per carrier for this metric would be \$250,000.
- The suggested term of the program is June 1, 2026 through May 31, 2027. The term of the second year is anticipated to be June 1, 2027 through May 31, 2028.

B. International Rail Volume Metric:

Participating ocean carriers who move the required number of international rail lifts will receive an incentive payment as listed in the following table.

Volume Incentive Tiers and Incentives

Volume (rail lifts)	Incentive Payment if Tier is reached
20,000 lifts (up to 49,999 lifts)	\$250,000
50,000 lifts (up to 74,999 lifts)	\$500,000
75,000 lifts or more	\$750,000

- Volume measurement would likely reset in year 2 of the program based on the result of the current year.
- Eligible ramp locations include all intermodal inland ramp locations served and/or operated by the BNSF and Union Pacific Railroads.
- Up to \$8 million of the authorized program funding per year would be allocated to the Rail Volume metric.
- The maximum reimbursement per carrier for this metric would be \$1,500,000 per program year.
- The incentive will be paid periodically during the term upon the participating carrier reaching the designated volume tier.

Proposed Eligibility Requirements

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

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 ocean carrier is required to enter into the NWSA's Participation Agreement that outlines program eligibility, requirements and other program details.

3. International Container Rail Target Market Incentive in Partnership with Railroads

Proposed Incentive Summary

This incentive seeks to drive additional incremental rail volume growth through a direct incentive program with the railroads focused on targeted inland rail destinations.

Participating Class I Railroads would receive a per-lift incentive for incremental increased volumes to and from specified targeted inland destinations, which have been identified as important to NWSA's growth objectives. The Participation Agreement will identify the initial target markets as Memphis, Tennessee (Marion, Arkansas); Detroit, Michigan; Columbus, Ohio; Toronto, Ontario; and Montreal, Quebec, but also reserves the right to modify the target markets during the Term of the Incentive should NWSA needs change.

Up to \$3 million would be available per Incentive year for this incentive, capping at \$1,500,000 for each participating railroad per incentive year.

The suggested Incentive Years of the program are: June 1, 2026 through May 31, 2027 and June 1, 2027 through May 31, 2028.

Proposed Eligibility Requirements

The program would be open to U.S. Class I railroads serving International Ocean Carriers calling at NWSA terminals and in good financial standing with the NWSA (i.e., current on financial accounts as defined by the NWSA in the associated Participation Agreement.)

The participating railroad is required to enter into the NWSA's Participation Agreement that outlines program eligibility, requirements and other program details.

C. BACKGROUND

The most immediate opportunity for discretionary international container volume growth at the NWSA is via import intermodal rail. Approximately 50% of the import cargo that comes through the NWSA is bound for destinations outside of the Puget Sound region (primarily the Midwest). Intermodal rail shipments remain a key driver of volume growth for the NWSA. The discretionary nature of this cargo means it will most often move via the lowest cost and most efficient option.

Feedback from ocean carriers indicates that a rail incentive program can be an effective tool to support additional intermodal rail volumes through the NWSA gateway. 2026 market conditions have carriers intensely focused on cost control. The NWSA also faces significant competition from other ports who have programs aggressively pursuing this same discretionary volume.

Prior rail incentive programs have resulted in protecting market share, increasing rail volumes and supporting low rail dwell times at the NWSA.

The 2024 rail incentive program, May of 2024 to April 2025, saw a net increase of 181,677 rail lifts at the NWSA with 8 of 11 participating carriers reaching the

maximum reimbursement amount. Q1 of 2025 was particularly strong as many BCOs “front-loaded” imports and year over year rail lifts increased 50%.

The 2025 rail incentive program, September of 2025 to May of 2026, was particularly effective in protecting rail market share in a soft market especially when compared with the historically strong Q1 of 2025. While the program did not result in a net increase in rail lifts, it did keep volumes stable and, importantly, supported a consistent rail service by helping drive low rail dwell during the term of the program.

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.

Ensuring the NWSA is the most efficient and cost-effective gateway for both importers and ocean carriers is critical as the competitive nature of our industry continues to intensify. At the same time, 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 will have downstream positive benefits for the entire supply chain.

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 in 2026.

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

D. FINANCIAL IMPLICATIONS

Source of Funds

The two Homeports are expected to receive funds totaling approximately \$55,000,000 from Water Resource Development Act (WRDA) and Harbor Maintenance Tax (HMT) in 2027, and similar amounts in future years. These funds will impact on the homeport Profit and Loss (P&L) statement and will not be reflected on the NWSA's P&L.

The \$15,000,000 per year incentive fund will utilize cash generated from NWSA operations. The WRDA/HMT funds received by the homeports will be used for eligible HMT projects that would have been funded by the NWSA generated operating cash that is now being used for this incentive program.

Financial Impact

The 2026 to 2030 operating budget includes \$12,000,000 per year for the rail incentive expense. The 2027-2031 operating budget will reflect the new program expense of \$15,000,000 per year. This incentive program is expected to retain current rail volumes and encourage additional cargo volumes. It is unknown if it will result in incremental revenue compared to the budget because of multiple factors.

E. ATTACHMENTS TO THIS REQUEST

- Example Participation Agreements (to be finalized with counterparties)

**2026 - 2028 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 – 1.1.2 (“Eligibility Requirements”) and the

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 as set forth in Section 1.2.2 – 1.2.4.

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

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 June 18, 2026, there are three weeks between the beginning of the applicable 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 \pm 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 \pm 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 \pm 24-hour window, and average 8 hrs delayed

Carrier B had 25 of 26 voyages, 22 voyages within \pm 24-hour window, and average 20 hrs delayed

Carrier C had 12 of 13 voyages (fortnightly service), 9 voyages \pm 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.

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 \$2 million USD has been authorized for the Award Program to be allocated equally across the Award Periods, and multiple carriers are expected to participate.

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.

2. Term, Award Periods & Termination. The "Term" of this Agreement is May 23, 2026 – May 26, 2028, with four separate Award Periods:

- May 23, 2026 through November 20, 2026
- November 21, 2026 through May 21, 2027
- May 22, 2027 through November 26, 2027
- November 27, 2027 through May 26, 2028

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 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

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 _____

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)

DRAFT - EXAMPLE

**2026 - 2028 Northwest Seaport Alliance
RAIL CARGO INCENTIVE PROGRAM FOR OCEAN CARRIERS
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 2026-2028 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; Pasco, WA and Wallula, WA served by the UP and/or BNSF are included in the scope of this Program.

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

- 1. NWSA Rail Cargo Incentive Payments Performance Requirements.**
 - 1.1 Volume Incentive Payments.** During the first Award Period (June 1, 2026 – May 31, 2027) and conditioned upon the Participating Carrier’s compliance with this Agreement NWSA will pay to Participating Carrier the following incentives (“**First Award Period Volume Incentive Payment**”):

Volume Tiers (rail lifts)	Volume Incentive Payment if Volume Tier is reached
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20,000 lifts (up to 49,999 lifts)	\$250,000
50,000 lifts (up to 74,999 lifts)	\$500,000
75,000 lifts or more	\$750,000

Sixty days prior to the second Award Period (June 1, 2027 – May 31, 2028), NWSA will provide Participating Carrier with an updated “**Second Award Period Volume Incentive Payment**” schedule which will apply for purposes of determining the Volume Incentive Payments to be made during the second Award Period.

Import loads, export loads and empty container repositioning rail lifts will all be included in the calculation of rail lifts for purposes of any Volume Incentive Payment. Domestic intermodal cargo is not included in the calculation of rail lifts hereunder. For avoidance of doubt, the lifts 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.”

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

Volume Incentive Payments to any Participating Carrier under this Program may not exceed \$1,500,000 per Award Period. NWSA targets 60 days following the carrier achieving the Volume Tier for issuance of Volume Incentive Payments.

1.2 Balance Incentive Payments. In addition to any Volume Incentive Payment, during each Award Period of this Program, and conditioned upon the Participating Carrier’s compliance with this Agreement, a Participating Carrier will receive \$250,000 (“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 June 1, 2026 and May 31, 2027, 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.

2. Conditions for Payments. In addition to the performance requirements for the Volume Incentive Payments 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 2.1.1-2.1.3 have been met:

- 2.1.1** Ocean carrier must move at least 20,000 lifts per Award Period in order to be eligible for payment hereunder.
 - 2.1.2** 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;
 - 2.1.3** Participating Carrier authorizes the Railroads to provide monthly volume updates by Participating Carrier to the NWSA in order to measure rail cargo activity and does not limit or withdraw such authorization during any Award Period.
 - 2.1.4** 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
 - 2.1.5** Funds remain in the 2026-2028 Rail Incentive Program. The Parties acknowledge that a total of \$22 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.
- 3. 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.

- 4. Permission to Share Volume Reports.** Participating Carrier hereby gives permission for the Railroads to provide reports of Participating Carrier's rail lifts from June 1, 2026 through May 31, 2028 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.
- 5. Term & Termination.** The Term of this Agreement is June 1, 2026 through May 31, 2028, and is comprised of two "Award Periods": June 1, 2026 through May 31, 2027, and June 1, 2027 – May 31, 2028. In addition to exhaustion of Authorized Funds as described in Section 2.1.4 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 Section 6. The Participating Carrier may terminate by providing notice of termination by email sent to the NWSA Designated Representative identified herein at Section 6.
- 6. 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: 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.

- 7. 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.

- 8. Legal Obligations.** This Agreement does not relieve either Party of any obligation or responsibility imposed upon it by law.
- 9. Timely Performance.** The requirements of this Agreement shall be carried out in a timely manner according to the terms herein.
- 10. 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.
- 11. 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 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.
- 12. 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.

13. 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.

14. 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.

15. 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.

16. 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

By:

Chief Executive Officer

Its:

Date _____

Date _____

Attachments: **Exhibit A** Payment Information Form

Exhibit B Monthly Report Template

DRAFT - 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]

DRAFT - EXAMPLE

**2026 - 2028 Northwest Seaport Alliance
INTERNATIONAL CONTAINER RAIL TARGET MARKET INCENTIVE
PARTICIPATING RAILROAD COMPANY AGREEMENT**

This Northwest Seaport Alliance International Container Rail Target Market Incentive Participating Railroad Company Agreement (“**Agreement**”) is entered into by and between The Northwest Seaport Alliance (“**NWSA**”) and _____ rail carrier (“**Participant**”) (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) (together, “**NWSA Gateway**”).
- B. The Ports and NWSA have invested billions of dollars in 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 Gateway is bound for destinations outside of the Puget Sound region, primarily the Midwest.
- D. Cargo bound for the Midwest is often routed through Canadian Ports, where there is a cost benefit to cargo shippers;
- E. It is expected that a direct incentive program whereby funds provided by NWSA resulting in lower per-lift rates to the cargo shipper for cargo movement between the NWSA Gateway and Target Markets would yield increased cargo and associated jobs while boosting NWSA’s competitiveness, particularly for cargo that would otherwise be routed through Canadian ports.
- F. The NWSA seeks to offer this 2026 International Container Rail Target Market Incentive (“**Incentive**”) to encourage United States Class I Railroads (Burlington Northern/Santa Fe Railroad (BNSF) and Union Pacific Railroad (UP) (together, “**Railroads**”)) to develop and grow international rail cargo volumes to and from certain identified targeted inland destinations.
- G. Incremental International rail cargo volumes to and from: Memphis, Tennessee (Marion, Arkansas); Detroit, Michigan; Columbus, Ohio; Toronto, Ontario; and Montreal, Quebec (“**Target Markets**”) are included in the scope of this Incentive. The Target Markets may be amended, reduced, or added to during the Term of

this Agreement upon thirty (30) days' advance written notice by NWSA in its sole discretion, without the need to further amend this agreement.

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

1. NWSA Rail Target Market Incentive Payments Requirements.

1.1 Volume Incentive Payment. During the Term of this Incentive and conditioned upon the Participant'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 Participant \$____ per rail lift ("**Volume Incentive Payment**"). Volume Incentive Payments to any Participant under this Incentive may not exceed \$1,500,00.00 for each Incentive Period ("**NTE Amount**"). NWSA targets 60 days following the midpoint and end of each Program Year for issuance of Volume Incentive Payments."

1.2 Conditions for Payments. Incentive payments will be paid provided that all of the following conditions in Sections 1.2.1 – 1.2.4 have been met:

- 1.1.1 Participant provides a discount to cargo owners or shippers of \$_____per lift from the Railroad's otherwise established line haul rate between NWSA Gateway locations and Target Markets throughout the applicable Incentive Period ("**Discount**"), provided however that once the cost to the Participant of the Discount exceeds \$1,500,000.00, there will be no ongoing obligation by Participant to continue to offer the Discount nor the NWSA to continue to offer the Incentive for the remainder of the Incentive Period.
- 1.1.2 Participant provides reports monthly during the Incentive Program containing the information required by the Report Template attached hereto as Exhibit B no later than ____ (insert dates) during each Incentive Period.
- 1.1.3 Funds remain in the Incentive for the associated Incentive Period, as allocated by NWSA in its sole discretion between the Incentive Periods. The Parties acknowledge that a total of \$6 million has been authorized for the Incentive ("**Authorized Funds**"), to be paid across two Incentive Periods, and two Railroads are expected to participate. If Volume Incentive Payments exhaust the Authorized Funds or if the authorization for the Authorized Funds is withdrawn, reduced, or otherwise voided, the NWSA has no obligation to continue and may close or terminate the Incentive, making no further payments thereunder. 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.

1.1.4 Participant is Current in all accounts with the NWSA. For purposes of this agreement, a Participant 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 Incentive Period ends. If a Participant is not Current on the date the Incentive Period Year ends, the Participant may become Current by paying all accounts past due as of the date of the end of the Incentive Period within 45 days of the end of the Incentive Period in order to remain eligible to receive the benefits of hereunder. If Participant is not Current and has an account held in abeyance while such account is in dispute, the Railroad 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.

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 the identified Target Markets based on a year-over-year comparison:

2.1 Base Measurement. The Participant’s Base Measurement is established by mutual agreement between the Parties, based on reports provided by the Participant showing international rail cargo activity between the NWSA Gateway and all Target Markets served and/or operated by the Participant for the base period of _____ through _____, and shall be reflected in Exhibit C attached hereto (“**Base Measurement**”).

2.2 Qualifying Rail Volumes. To be eligible for the Volume Incentive Payment, the Participant must increase total cargo volume year-over-year compared with the corresponding Base Measurement’s same period volumes for cargo moving between NWSA terminals and Target Markets (“**Qualifying Rail Volume**”).

For example, if Participant moved 20,000 international containers from the NWSA Gateway to the Target Markets between June 1, 2025 and May 31, 2026, 20,000 lifts becomes the Base Measurement volume for Participant. If Participant moves 25,000 international containers between June 1, 2026 and May 31, 2027, 5,000 containers would be considered incremental and eligible for a \$_____/container payment or \$_____.

Import load rail lifts only are included in Qualifying Rail Volumes.

2.3 Timing. Timing of a container’s movement will be measured by the date on which the Participant reports 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.

2.4 Discrepancies in Reported Volumes. If the parties dispute reported volumes from the information provided by the Participant, the disputing party shall address its

dispute directly in writing with the counterparty within thirty (30) days of receipt of the applicable volume report, along with supporting documentation. NWSA has the right, but not the obligation to validate any information provided by Participant with independent information provided by ocean carriers, and may use the information provided by the ocean carriers to determine the final volume numbers. After review of information relating to the dispute of reported volumes from Participant and applicable ocean carrier(s), NWSA's conclusion of the final volumes shall be determinative for purposes of awarding the Volume Incentive Payment. Failure of a Participant to provide NWSA with additional information within 30 days of receipt of the volume report waives any claim of dispute or discrepancy.

2.5 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 Term, Incentive Periods & Termination. The Term of this Agreement shall be from date of mutual execution in 2026 through May 31, 2028 ("**Term**"), and there are two one-year Incentive Periods during the Term: June 1st, 2026 to May 31st, 2027 and June 1st, 2027 to May 31, 2028 (each, an "**Incentive Period**"). In addition to exhaustion of Authorized Funds as described in Section 1.1.4 of this Agreement, the NWSA reserves the right to cancel, terminate, or extend the Incentive at any time, in NWSA's sole and absolute discretion. The NWSA will provide notice of any cancellation, termination, or extension of the Incentive and this Agreement by email sent to the Participant's Designated Representative identified herein at Paragraph 4. The Participant may terminate by providing notice of termination by email sent to the NWSA Designated Representative identified herein at Paragraph 4.

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

Participant: 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.

- 5 **Independent Parties.** Nothing contained herein shall be construed as creating an employer/employee relationship between the NWSA and any Participant or individuals participating in the Incentive and/or benefiting from the Incentive 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.
- 6 **Legal Obligations.** This Agreement does not relieve either Party of any obligation or responsibility imposed upon it by law.
- 7 **Timely Performance.** The requirements of this Agreement shall be carried out in a timely manner according to the terms herein.
- 8 **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.
- 9 **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 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.
- 10 **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.

- 11 **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.
- 12 **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.
- 13 **Entire Agreement/Amendment.** This Agreement, together with any documents incorporated by reference shall constitute the entire agreement between the Parties with respect to the Incentive 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.
- 14 **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 Railroad:

John Wolfe
Chief Executive Officer

By:
Its:

Date _____

Date _____

- Attachments:**
- Exhibit A** Payment Information Form
 - Exhibit B** Quarterly Report Template
 - Exhibit C** Base Measurements

DRAFT - 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]

Exhibit C – Base Measurements [to be inserted]

DRAFT - EXAMPLE

Item No.: 9B
Meeting Date: May 5, 2026

2026 Cargo Incentive Program




**THE NORTHWEST
SEAPORT ALLIANCE**
SEATTLE + TACOMA

Presenter: Steve Balaski
Presenter Title: Director, Business Development

1

ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize \$30 million in funding for and establishment of two years of the NWSA Cargo Incentive Program, including the following incentive elements: (1) Voyage Consistency and On-Time Arrival Award; (2) International Container Rail Cargo Incentive; and (3) International Container Rail Target Market Incentive in substantially the same form as presented.



**THE NORTHWEST
SEAPORT ALLIANCE**
SEATTLE + TACOMA

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Background

Based on current market conditions, feedback from our carrier customers and results from prior incentive programs, the proposed 2026 Cargo Incentive Programs are expected to help protect NWSA rail market share, encourage incremental increases in international intermodal rail volumes and incentivize consistent international ocean container and intermodal rail services in the gateway.

The most immediate opportunity for discretionary international container volume growth at the NWSA is via import intermodal rail. Approximately 50% of the import cargo that comes through the NWSA is bound for destinations outside of the Puget Sound region (primarily the Midwest). Intermodal rail shipments remain a key driver of volume growth for the NWSA. The discretionary nature of this cargo means it will most often move via the lowest cost and most efficient option.

Ensuring the NWSA is the most efficient and cost-effective gateway for both importers and ocean carriers is critical as the competitive nature of our industry continues to intensify. At the same time, 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 will have downstream positive benefits for the entire supply chain.



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



Results of the 2025 International Rail Cargo program

Two carriers have reached their maximum benefit of \$687,500.

Rail volume had a total net decrease of 74,647 boxes during the six-month periods of September to February compared with prior year.

Intermodal Rail volumes in 2025 impacted by:

- Frontloading of imports in Q1 of 2025.
- “Liberation Day” and tariff policy impacted import orders mid-year.
- Soft volumes in general during Q4.
- FP2 service reverted to a Vancouver FPOC in June of 2025.
- Canada rail strike in 2024 drove elevated IPI rail at NWSA. (impact to YoY comparables)
- SM Lines was FPOC Seattle May-Nov of 2024. Reverted to Vancouver.



5

5

2025 Cargo Incentive Results – Rail Incentive

Balance Metric:

Ocean carriers moving international IPI rail volume (import/eastbound) through NWSA terminals, must move at least 80% of the same number of international containers outbound/westbound for export to the NWSA via their railroad service providers.

13 Ocean carriers are participating. Performance from September to February:

Number of Carriers	Performance Sept-Feb
8	80% or greater
4	70% or above
1	Less than 70%

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 2 years ago.



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2026 Cargo Incentive Program Overview

Staff recommends a two-year Cargo Incentive Program which includes the following elements:

- Voyage Consistency and On-Time Arrival Program (VCOTA)
- International Rail Cargo Incentive
 - Rail Balance
 - Rail Cargo
- International Rail Cargo Incentive – Target Markets

Voyage Consistency and On -Time Arrival Award Program

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

Incentive Program Eligible Participants: International Ocean Carriers serving the NWSA.

Suggested funding level: \$2 million (\$1 million per program year)

Term

Two one-year terms: the suggested first year term of the program is May 23, 2026 through May 21, 2027, which align with port months June-May. The suggested second year term is anticipated to be May 22, 2027 through May 26, 2028. Each program year will involve two measurement periods, with financial awards made after each period to eligible carriers.

Carriers must achieve metrics related to void sailings and on-time arrivals.

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

International Container Rail Cargo Incentive Program

Rationale: Incentivize international rail volume growth at the NWSA. Support low dwell and consistent rail performance by incentivizing ocean carriers to position containers back to the NWSA.

Suggested funding level: \$22 million (\$11 million per program year)

Incentive Program Eligible Participants: International Ocean Carriers serving the NWSA.

Term: The suggested term of the program is June 1, 2026 through May 31, 2027. The term of the second year is anticipated to be June 1, 2027 through May 31, 2028.

Minimum volume: Ocean Carriers must move a minimum of 20,000 lifts of international intermodal cargo through the NWSA in order to participate in this program.

The program will consist of **two metrics** to determine the incentive eligibility and payment.



9

9

International Rail Cargo Incentive – Balance Metric

During the term of the program, participating ocean carriers moving international IPI rail volume (import/eastbound) through NWSA terminals, must move at least 80% of the same number of international containers outbound (export/westbound) for export to the NWSA via their railroad service providers. This supports repositioning of rail cars to the NWSA and ensures a “balanced” network for rail movement.

Up to \$3 million of the authorized program funding per program year will be allocated to the Balance metric.

The maximum reimbursement per carrier for this metric would be \$250,000 per program year.



10

10

International Rail Cargo Incentive – Volume Metric

Participating ocean carriers who move the required number of international rail lifts will receive an incentive payment as listed in the following table.

Volume (rail lifts)	Incentive Payment if Tier is reached
20,000 lifts (up to 49,999 lifts)	\$250,000
50,000 lifts (up to 74,999 lifts)	\$500,000
75,000 lifts or more	\$750,000

- Up to \$8 million of the authorized program funding per year would be allocated to the Rail Volume metric.
- The maximum reimbursement per carrier for this metric would be \$1,500,000 per program year.
- The incentive payout will be paid periodically during the term upon the participating carrier reaching the designated volume tier.



International Rail Cargo Incentive – Target Markets

Rationale: This program seeks to drive additional incremental rail volume growth through a direct incentive program with the railroads focused on targeted inland rail destinations.

Incentive Program Eligible Participants: U.S. Class I Railroads serving International Ocean Carriers calling at NWSA terminals

Suggested funding level: \$6 million (\$3 million per program year)

Participating Class I Railroads would receive a per-lift incentive for incremental increased volumes to specified targeted inland destinations, which have been identified as important to NWSA's growth objectives.

The suggested terms of the program is June 1, 2026 through May 31, 2027 and the second year is anticipated to be June 1, 2027 through May 31, 2028.

The incentive will be paid periodically during the term based on incremental volume performance.



Financial Implications

Source of Funds

The two Homeports are expected to receive funds totaling approximately \$55,000,000 from Water Resource Development Act (WRDA) and Harbor Maintenance Tax (HMT) in 2027, and similar amounts in future years. These funds will impact on the homeport Profit and Loss (P&L) statement and will not be reflected on the NWSA's P&L.

The \$15,000,000 per year incentive fund will utilize cash generated from NWSA operations. The WRDA/HMT funds received by the homeports will be used for eligible HMT projects that would have been funded by the NWSA generated operating cash that is now being used for this incentive program.

Financial Impact

The 2026 to 2030 operating budget includes \$12,000,000 per year for the rail incentive expense. The 2027-2031 operating budget will reflect the new program expense of \$15,000,000 per year. This incentive program is expected to retain current rail volumes and encourage additional cargo volumes. It is unknown if it will result in incremental revenue compared to the budget because of multiple factors.



13

13

ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize \$30 million in funding for and establishment of two years of the NWSA Cargo Incentive Program, including the following incentive elements: (1) Voyage Consistency and On-Time Arrival Award; (2) International Container Rail Cargo Incentive; and (3) International Container Rail Target Market Incentive in substantially the same form as presented.



14

14