



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7c

BRIEFING ITEM

Date of Meeting September 26, 2017

DATE: September 26, 2017

TO: Dave Soike, Interim Executive Director

FROM: Dave Caplan, Senior Director, Strategic Initiatives

SUBJECT: 2018-2022 Long Range Plan: Final Draft Review

EXECUTIVE SUMMARY

The Long Range Plan (LRP) is an official document that contains the five-year strategies and actions to reach milestones in our progression to achieve the Century Agenda (CA) and High Performance Organization (HPO) objectives.

The Century Agenda lists sixteen objectives distributed among four strategies. The HPO portion of the LRP lists eleven objectives distributed among five strategies, thus totaling to nine LRP strategies with 27 objectives. Each objective details key priority actions that the Port of Seattle will focus on for the upcoming five-year period. This year, the staff included 2018 milestones as part of the 2018 – 2022 LRP which strengthens alignment with the 2018 Annual Budget approval process and plans.

This is the second part of a briefing which presents the proposed changes to the LRP for the 2018 – 2022 period for discussion and feedback from the Commission. On July 25th, we covered the following Century Agenda (CA) and High Performance Organization (HPO) objectives:

- CA 3 Triple air cargo volume to 750,000 metric tons
- CA 5 Double the economic value of the fishing and maritime cluster
- CA 6 Make Sea-Tac Airport the West Coast “Gateway of Choice” for international travel
- CA 7 Double the number of international flights and destinations
- CA 8 Meet the region’s air transportation needs at the Airport for the next 25 years
- CA 9 Double the economic value of cruise traffic to Washington state
- CA 11 Increase workforce training, job and business opportunities for local opportunities in maritime, trade, travel and logistics
- CA 13 Meet or exceed agency requirements for storm water
- CA 15 Anchor the Puget Sound urban industrial land use to prevent sprawl
- CA 16 Restore, create and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay

Meeting Date: September 26, 2017

- HPO 3 Reduce occupational injury rate and severity rate
- HPO 4 All managers will lead safety performance
- HPO 5 Strengthen the culture and act as a single-organization with a shared vision
- HPO 6 Increase Port-wide common and standardized language, business processes, tools and measures
- HPO 7 Increase management accountability for diversity and inclusion (D&I)
- HPO 8 Increase percentage of employees who agree the Port is committed to D&I
- HPO 9 Increase awareness internally and actively share D&I programs externally
- HPO 10 Develop our employees' capabilities
- HPO 11 Foster employee development and leverage talent

These Objectives are on a solid path to achieve their respective goals by 2036.

During this second review, part two, we will review the following CA and HPO objectives:

- CA 1 Grow Seaport annual container volume to more than 3.5 million TEUs
- CA 4 Triple the value of outbound cargo to over \$50 billion
- CA 10 Increase the proportion of funds spent by the Port with qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent
- CA 12 Meet all increased energy needs through conservation and renewable sources
- CA 14 Reduce air pollutants and carbon emissions
- HPO 1 Improve Customer Service and Public Engagement
- HPO 2 Improve process efficiencies and effectiveness

These seven objectives require more in-depth discussion as Commission input will be invaluable as we discuss some of the challenges and alternatives being reviewed/formulated to achieve the goals.

BACKGROUND

The LRP was approved by the Commission on August 9, 2016. The development of the LRP represents the efforts of cross-functional teams at the Port along with Commission feedback to align our actions with the Century Agenda and High Performance Organization strategies and objectives. These teams of subject matter experts, either directly or indirectly tied to the Century Agenda objective, connected their work to the goals of the Century Agenda and developed strategies, objectives, actions, and performance measures focused in five areas: aviation, maritime, economic development, the environment, and high-performance organization.

The LRP is organized around the strategies and objectives identified in the Century Agenda and those pertaining to a High Performance Organization that focuses on operations excellence and

Meeting Date: September 26, 2017

organizational alignment. It cuts across all departments and divisions of the Port and spans annual budget periods.

The intention of the LRP is to bring all capabilities of the Port to bear in the work of achieving our goals. For each LRP objective, there are a set of key actions and performance measures Port staff uses to guide the work and monitor progress.

The LRP shapes the annual budget and ensures that all Port divisions and supporting departments have specific, achievable actions to not only keep up with, but also be a major driver of the dramatic growth in our region and create 100,000 livable family wage jobs in our community. The LRP will be updated and formally adopted by the Commission each year, launching our budget process.

The LRP Management Dashboard is a performance management tracking tool that provides baseline data and metrics for implementing, monitoring, and reporting on progress on the Century Agenda and HPO over a rolling five-year planning period.

The LRP development goals are as follows:

- (1) Further advance projects that drive to vision of creating 100,000 jobs
- (2) Address any gaps due to changes in the environment
- (3) Ensure that the LRP supports best practices, and enhances the High Performance Organization emphasizing organizational alignment and operational excellence

The LRP development is a significant effort to align the application of Port financial and human resources with the Century Agenda's aspirations. Its implementation allowed the Port to more effectively and transparently improve the Port's ability to create a stronger local economy while addressing key environmental, social and fiscal concerns of its stakeholders, partners, and citizens.

Century Agenda Overview

In 2012, the Port of Seattle's centennial anniversary, the Port Commission launched the Century Agenda—a comprehensive vision that focuses on the Port's next quarter-century. The Century Agenda refreshes the Port's strategies and objectives in a way that builds upon the accomplishments of the Port's first century and provides a visionary look at the emerging challenges and opportunities of the 21st century.

In anticipation of the Port's Centennial, in 2010, the Commission formed a Century Agenda Committee to guide the Port's long-range vision. During 2011, the Commission convened monthly public roundtables to discuss strategic issues related to the Port's mission. In January 2012, the Commission adopted Preliminary Strategic Goals, which now are known as Strategies and Objectives, along with a proposed Mission and Commitment.

Meeting Date: September 26, 2017

Through extensive public outreach in 2012 that included over a thousand people and more than 60 events and engagements, the Port's partners affirmed this preliminary work. The Port of Seattle uses its real estate, capital assets and financial capabilities to accomplish the Century Agenda.

LRP Accomplishments to Date**CA Strategy 1: Position the Puget Sound Region as a premier international logistics hub**

- (1) Added 4 new freight carriers which help drove the 10.2% growth for tonnage in 2016 (366,429 MT)
- (2) Developed the Real Estate Strategic Plan to establish a rational framework for property acquisition
- (3) Finalization and adoption of the Fishermen's Terminal Long-Term Strategic Plan
- (4) Established Commercial Vessel Base Line

CA Strategy 2: Advance This Region as a Leading Tourism Destination and Business Gateway

- (1) Held North Satellite Modernization project groundbreaking ceremony
- (2) Initiated construction for International Arrivals Facility (IAF) enabling projects, 3Q2016
- (3) Completed 100% design for Phase 1 for the Baggage Optimization Project.
- (4) Initiated Lean Champion Training for 30 personnel focused on airport baggage and passenger flow. Completed two 4-day sessions leading to the creation of future state value stream maps for arriving/departing bags and passengers.
- (5) Added 12 Automated Passport Kiosks in the International Corridor increasing international arrivals passenger throughput
- (6) Implemented Express Connect Program to expedite connecting passengers. Completed a four day Lean event focused on international arrivals passenger throughput. Documented current state measurements, tested improvement ideas, and implemented Express Connection program that reduced connecting passenger throughput time from an average of 94 minutes to 20 minutes. Hainan Airlines reported a 50% improvement in missed connection rate.
- (7) Installed additional Wi-Fi access points in the International Corridor to increase Mobile Passport Control participation
- (8) Received recognition as Best North American Homeport by Cruise Critic
- (9) Completed continuous process improvement assessment at the Cruise terminal & airport on 3Q2016
- (10) Implemented the Delta boarding pass/baggage delivery pilot program at Terminal 91

CA Strategy 3: Use Our Influence as an Institution to Promote Small Business Growth and Workforce Development

- (1) Developed draft concept paper for joint incubator/resource center
- (2) Launched capability to forecast future procurement which enables better community outreach for upcoming opportunities
- (3) Tripled internships (to 102): 105 Port internships and 10 Public Private Partnerships

Meeting Date: September 26, 2017

- (4) Established a Regional Trades partnership with Sound Transit, King County, City of Seattle and WSDOT
- (5) Launched the Maritime Youth Collaborative led by Seattle Maritime Academy

CA Strategy 4: Be the greenest and most energy efficient port in North America

- (1) Initiated analysis of current metering system to identify gaps and to develop comprehensive plan for both metering and data collection/analysis for all Airport electric and gas use
- (2) Received Commission approval and completed design and permitting for solar pilot project at Fishermen’s Terminal Net Sheds
- (3) The Port's Renewable Natural Gas team continues to actively negotiate with a landfill source to procure at least 90% of the airport's natural gas needs
- (4) Completed a preliminary feasibility study regarding potential for building solar energy systems on Airport property
- (5) Began construction of the Port’s first solar project, at Fishermen’s Terminal.
- (6) Completed preliminary feasibility study of solar energy systems on Maritime properties. Completed more detailed feasibility study of solar on Port headquarters at Pier 69.
- (7) Completed test area of energy efficient lighting in Baggage Claim (carousel 5); results justify further work and a proposal for funding to complete the entire area is being developed
- (8) Port staff is working with the Bonneville Power Administration (BPA) to create a mechanism through which BPA conservation incentives can be passed on to airport tenants via the Port utility
- (9) The Airport continues to provide treatment and flow control for 100% of surfaces
- (10) Marine Stormwater utility in effect 1/1/2016 and Interlocal Agreement with Seattle signed 11/9/2016
- (11) Marine Stormwater Utility has assessed 68,392 LF (or 16.6%) of stormwater lines on 2017
- (12) Completed and submitted Draft Airport Low Impact Development Guideline to Ecology for review
- (13) Engaged Salmon-Safe to identify steps required to meet re-certification requirements for Maritime Parks
- (14) Completed retrofitted bio-retention swale for the Airport's 20 acre SEPL (South Employee Parking Lot) logistics lots
- (15) Completed Storm Water Management design review for Aviation Capital Improvement Projects including NorthStar and International Arrival Facility (IAF)
- (16) Completed Maritime project management group training on storm water design review process
- (17) Completed Aviation Biofuels Financing Mechanisms study
- (18) Completed Design and Permitting for Habitat project at T117, paving the way for construction of 13.1 acres habitat site

HPO Strategy 1: Increase Customer Satisfaction

- (1) Completed WiFi boost project
- (2) Aviation Building Maintenance increased contract coverage in high volume restrooms. Increased scope of contract to incorporate attendants for 8 hours/day improving traveling experience & airline customer relationship
- (3) Airport Checkpoint Task Force completed a four day Lean event with a goal to reduce security checkpoint queue wait times from greater than 60 minutes to an average of 20 minutes or less. Optimized checkpoint queues, helped formulate Transportation Security Administration (TSA) K-9 strategy and load balancing, and integrated HSS staffing into main terminal checkpoints. Checkpoint queue wait times during summer peak times averaged 13 minutes.
- (4) Public Affairs developed creative content for digital display and social media ads, created content for displays at airport & developed copy guide for radio advertising to enhance communications with travelers
- (5) Reduced security checkpoint wait times played a significant factor in airport dining and retail (ADR) sales. Concession gross sales increased from \$240M in 2015 to \$273M in 2016. Concession gross sales per enplanement increased from \$11.40 in 2015 to \$12.01 in 2016, a 5.4% improvement.
- (6) 2016 survey completed to Moorage & Upland maritime tenants (37% response rate @ 667 responses). Benchmarks established
- (7) Concluded Public Engagement quantitative survey and qualitative focus groups, 3Q2016. Data informed 2017 communications strategy and refine speaking points for Port leadership, and established baseline. Repeating study ~every two years to evaluate public engagement progress

HPO Strategy 2: Eliminate Workplace Injuries

- (1) The Port exceeded 2016 safety goals with a 29% Occupational Injury Rate reduction and 29% Lost work Day Case rate reduction through 2016 compared to year-end 2015, and achieved a 41% reduction in our occupational injury rate, since 2015
 - The Maritime Division achieved a 45% Occupational Injury Rate reduction and 56% Lost Work Day case reduction compared to 2015
 - The Aviation Division achieved a 32% Occupational Injury Rate reduction and 21% Lost Work Day case reduction compared to 2015
- (2) Published Five Steps for Strengthening Collaboration between Risk Management and Safety which highlights our collective safety improvement and mitigating risk at the Port in Public Risk Magazine.
- (3) Automated the Port's online workers compensation claims reporting with the State of Washington

HPO Strategy 3: Act as One Port

- (1) Implemented PerformanceLink which facilitates strategic alignment of organizational priorities through performance management
- (2) Completed the 3rd Annual 2017 Leadership Conference

Meeting Date: September 26, 2017

- (3) Conducted Lean Champion Training with 30 people on five improvement teams, including the TSA Federal Director of Security, the CBP Seattle Port Director, representatives from Alaska Airlines and Delta, and three directors from the Aviation Division.
- (4) Created draft process to implement Port-Wide Best Practices
- (5) Completed an end-to-end Cruise Operations, One-Port value stream lean evaluation

HPO Strategy 4: Become a Model for Workplace Diversity & Inclusion (D&I)

- (1) Established D&I Task Force to undertake the initiative to design the Port of Seattle to be the model for workforce diversity and inclusion
- (2) Convened Port Employee Resource Groups (ERG) to jointly plan D&I learning events
- (3) Increased D&I learning opportunities by 4 to date: (Leading with Intercultural Competence, Ouch Your Silence Hurts, Managing Bias in Hiring, and Transgender 101)
- (4) Expanded built capacity for Port-wide Pride to operate as a chartered ERG
- (5) Sponsored four D&I trainings for represented employees

HPO Strategy 5: Foster Employee Development and Leverage Talent

- (1) Developed succession plan for Executive Leadership Team (ELT) positions
- (2) Launched development planning phase for succession candidates
- (3) Completed and evaluated first year of new PerformanceLink system and identified and implemented process improvements for 2017. Achieved 99.9% on-time completion rate (for March 10 paycheck processing)

Next Steps: LRP Program Schedule

- (1) March 28 – July 10, 2017: Evaluation of LRP for minor revisions
- (2) July 25, 2017: Review of LRP revisions with Commission for feedback
- (3) September 12, 2017: Review of LRP revisions with Commission for feedback
- (4) October 10, 2017: Request Commission’s authorization for approval of 2018 – 2022 LRP
- (5) November 17, 2017: LRP Semi-Annual Review

ATTACHMENTS TO THIS BRIEFING

- (1) PowerPoint Presentation for Remaining Seven LRP Objectives to Review
- (2) Objectives Summaries, Word Document

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 25, 2017	The Commission was briefed on the first installment of 2018-2022 LRP updates
March 28, 2017	The Commission was briefed on the performance to the LRP
August 9, 2016	The Commission approved the LRP
July 26, 2016	The Commission was briefed on LRP Management Update & Century Agenda Scorecard Study Session

COMMISSION AGENDA – Briefing Item No. 7c

Meeting Date: September 26, 2017

May 17, 2016	The Commission was briefed on LRP on Maritime & HPO
April 26, 2016	The Commission was briefed on LRP on Environment
April 12, 2016	The Commission was briefed on LRP on Workforce Development
March 22, 2016	The Commission was briefed on LRP on Aviation and Small Business Development
January 26, 2016	The Commission was briefed on Office of Strategic Initiatives Updates
July 13, 2015	The Commission Retreat on the LRP at Cedarbrook Lodge
December 4, 2012	The Commission adopted the Century Agenda