

2018 – 2022 Long Range Plan – Part Two, Narratives

The contents of the document details the remaining Long Range Plan (LRP) objectives to complete the 2018 – 2022 LRP Commission review as part of the annual authorization process. The language aims to further illustrate the proposed actions to ultimately achieve the Century Agenda and High Performance Organization strategies.

Century Agenda Strategy 1: Position the Puget Sound region as a premier international logistics hub

LRP Obj. 1 Grow seaport annual container volume to more than 6 million TEUs

LRP Obj. 4 Triple the value of our outbound cargo to over \$50 billion

Century Agenda Strategy 3: Use our influence as an institution to promote small business growth and workforce development

LRP Obj. 10 Increase the proportion of funds spent by the Port w/ qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent

Century Agenda Strategy 4: Be the greenest, and most energy efficient port in North America

LRP Obj. 12 Meet all increased energy needs through conservation and renewable sources

LRP Obj. 14 Reduce air pollutants and carbon emissions

High Performance Organization Strategy 1: Increase Customer Satisfaction

LRP Obj. 1: Improve customer service and public engagement

LRP Obj. 2 Improve process efficiencies and effectiveness

CENTURY AGENDA STRATEGY 1: POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB

OBJECTIVE 1

GROW SEAPORT ANNUAL CONTAINER VOLUME TO MORE THAN 6 MILLION TEUS

The ports of Seattle and Tacoma joined forces in August 2015, establishing the Northwest Seaport Alliance (NWSA), to unify management of our marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region. Annual container volume (Twenty-Foot Equivalent Units (TEU)) is the key metrics measured for this objective.

In order to achieve this objective the Port of Seattle is committed to the implementation of the Safe and Swift Corridor program, deepening internal supply chain partnerships to grow container volume, developing Terminal 106 to maximize trans-load & supply chain benefits, and increasing public outreach of comprehensive transportation system. The identified challenges to achieving the objective are resources and stakeholder focus needed for implementation and the rapid growth of Seattle adding the element of competition with evolving supply chain industry needs.

Key 2018 Milestones:

- Finalize street vacation to support development of T5
- Carry out interim fixes for the East Marginal Way improvement projects
- Advance the South Spokane Street Corridor planning, including approval of Federal Quiet Zones designations
- Release Request for Proposal for T106

For more details, the NWSA Strategic Plan can also be accessed from the NWSA website. For more information about the NWSA, visit: www.nwseaportalliance.com.

CENTURY AGENDA STRATEGY 1: POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB

OBJECTIVE 4

TRIPLE THE VALUE OF OUR OUTBOUND CARGO TO OVER \$50 BILLION

The ports of Seattle and Tacoma joined forces in August 2015, establishing the Northwest Seaport Alliance (NWSA), to unify management of our marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region. The value of outbound air and seaport cargo are the key measures for this objective.

Priority actions dependent on completion of marine cargo economic impact study. Assessment needed to determine measurement value of this Century Agenda objective.

The Port of Seattle aviation long range plan details the air cargo priority actions to also achieve this objective. Furthermore, the Port of Seattle is assessing to update this objective to reflect only air cargo value in the future.

For more details, the NWSA Strategic Plan can also be accessed from the NWSA website. For more information about the NWSA, visit: www.nwseaportalliance.com.

CENTURY AGENDA STRATEGY 3: USE OUR INFLUENCE AS AN INSTITUTION TO PROMOTE SMALL BUSINESS GROWTH AND WORKFORCE DEVELOPMENT

OBJECTIVE 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

PRIORITY ACTION 1: EXPAND TRAINING AND ENGAGEMENT

The forecasting of future procurements will enable us to increase training and workshop offerings that provide essential connectivity to Port opportunities and increase the number of small business bidding on Port work. Working collaboratively with other government agencies and PRIME contractors will broaden the resources available to small businesses, improve their ability to bid on projects, strengthen their competitiveness and increase the number of awards. The percentage of Port spend on small business and woman, minority, and disadvantaged businesses is a key metrics reviewed to track progress towards this objective.

2018 Milestones

- Strengthen PRIME to Sub-contractor engagement opportunities
- Develop framework for collaboration with public sector partners
- Conduct 10 PortGen training workshops

PRIORITY ACTION 2: FUTHER BUILD A MORE VERSATILE AND ACTIVE SUPPLIER BASE

Supplier diversity is critical to achieving small business and Woman, Minority and Disadvantaged business utilization goals, increasing the visibility of firms to decision making buyers and simplifying the process for small firms to become vendors, contractors and suppliers. The database is designed to be a procurement tool that will allow the staff to have a line of sight into firms that are ready, able, and willing to do business with the Port. This will enable the Port to identify small businesses by skillset, develop forecast of SBE utilization, identify gaps and apply more targeted supplier outreach and development. The number of woman and minority owned businesses (WMBE) in the database and the number of WMBE we conduct business with are key metrics to track the progress towards this objective.

2018 Milestones

- Publish supplier list to internal buying audience
- Create data tracking process and conduct gap assessment

PRIORITY ACTION 3: ASSESS AND IMPLEMENT BEST PRACTICE

The Port recognizes the outstanding efforts by the City of Seattle and others to increase woman and minority business utilization in contracting. Analysis and adoption of these practices requires careful assessment of process and policy along with an alignment of practice within the Port structure. New approaches and new strategies is a whole Port effort involving leaders, managers and implementers, the data systems they use, and a commitment to change. Establishing a process of accountability at the division level will enable success and allow for continuity of purpose.

2018 Milestones:

- Implement key elements of the City of Seattle model.
- Advance policy to achieve goals and process alignment.
- Establish division level goals and process for accountability.
- Address integration of internal systems.

Challenges Ahead for CA Objective 10

1. Authorization of funds to support the Center for Public Sector Contracting
2. Improved procurement forecasting / coordination to focus education and engagement opportunities
3. Prioritization of technology deployment projects and availability of data for supplier database
4. Commission support needed for policy updates that advance priorities
5. Leadership commitment needed to ensure Port-wide application of small business LRP objective and priority actions

CENTURY AGENDA STRATEGY 4: BE THE GREENEST, AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

OBJECTIVE 12

MEET ALL INCREASED ENERGY NEEDS THROUGH CONSERVATION AND RENEWABLE SOURCES

PRIORITY ACTION 1: DEVELOP AN INTEGRATED ONE-PORT BASELINE OF ENERGY USE

The Port is largely on track to meet this objective. Both the airport and seaport are requesting the resources needed, such as staff and metering, to fully evaluate energy use on a port-wide basis. Challenges include lack of sufficient metering at multiple facilities but this is being addressed through metering initiatives at both locations. Requests have been included in the proposed 2018 budget.

2018 Milestones

- Aviation will develop a metering plan for the installation and networking of new and existing meters, common data storage locations, and software to access and analyze data.
- Maritime will develop a plan to install nine smart meters at Fisherman's Terminal, as recommended in the 2017 energy audit for both tenant and port-owned spaces.
- Maritime and Aviation will work together to find common elements for the metering plans while tailoring them for maritime and aviation facilities as appropriate.

PRIORITY ACTION 2: PURSUE RENEWABLE NATURAL GAS (RNG) FROM A SOURCE IN WASHINGTON STATE OR THE PNW REGION

The Port has conducted extensive research into finding sources of RNG, and is currently holding discussions with a landfill in Pierce County to purchase RNG from the facility. However, the facility requires a 10 mile pipeline in order to connect the gas to the main natural gas pipeline, and this could cause significant delays for the project. The Port is also undertaking additional research to determine if other facilities could be available that would provide a source of RNG. Preliminary findings indicate carbon reduction from RNG could range from 50 to 70% over 2005 levels at a cost of approximately \$200 to \$400 per ton of greenhouse gas (GHG) reduced.

2018 Milestones for

- Evaluate costs to install and operate scrubber technology, install pipelines, and total project financing to source RNG.
- Continue to negotiate with developer(s) as appropriate to bring forward a proposed agreement to senior management and Commission.

PRIORITY ACTION 3: DEPLOY SOLAR ENERGY PANELS

The Port is on track to make recommendations to Commission regarding the use of solar panels at both seaport and airport locations. The airport recently completed an analysis of solar panels at locations on airport property as well as offsite locations in eastern Washington. The Port is currently evaluating the efficacy of installing panels at these locations and comparing the costs and benefits to other carbon reduction strategies. The Port is currently installing solar panels at Fishermen’s Terminal. Preliminary estimates suggest carbon reduction from photovoltaic (PV) at the airport could range from 50 to 936 tons per year, with costs ranging from \$9,000 to \$13,000 per ton GHG reduced.

2018 Milestones

- Aviation will execute solar projects in 2018 based on Commission response to 2017 proposals.
- Maritime will evaluate data and results from solar demonstration project and determine the feasibility of future implementation.
- Department of Commerce Grant is pending for Pier 69 solar.

PRIORITY ACTION 4: IMPLEMENT ENERGY EFFICIENCY PROJECTS

The Port analyzed costs/benefits and obtained funding to complete the Stage 3 Mechanical Energy Conservation project at the airport. Similarly, the Port is installing light-emitting diode (LED) lighting at facilities throughout seaport locations. Preliminary carbon reduction estimates indicate Stage 3 Mechanical carbon reduction of approximately \$300 per ton. No carbon reduction estimates are currently available for LED lighting projects. The Port is on track to complete these energy efficiency projects over the next two years. Annual energy use from natural gas, electricity, and liquid fuels (e.g., gasoline) in MMBTU (Million British Thermal Units) is a key metric for this objective.

2018 Milestones

- Implement Stage 3 Mechanical Initiative at the airport
- Begin design on lighting projects for airport terminal.
- Complete design of the networked smart metering system at the airport
- Implement Fishermen’s Terminal smart metering plan
- Upgrade lighting at Bell Street Parking Garage
- Evaluate results of Solar pilot project at Fishermens’ Terminal.

Challenges Ahead for CA Objective 12

1. Metering plans subject to budget approval
2. Uncertainty with RNG costs and project risks
3. Solar projects are high cost compared with other energy/carbon reduction projects
4. Increase in energy use expected with upcoming capital programs at airport

CENTURY AGENDA STRATEGY 4: BE THE GREENEST, AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

OBJECTIVE 14

REDUCE AIR POLLUTANTS AND CARBON EMISSIONS, SPECIFICALLY:

- Scope 1 and 2 emissions, which are direct greenhouse gas emissions from port owned or controlled sources, shall be 15% below 2005 levels by 2020; 50% below 2005 levels by 2030; and carbon neutral or carbon negative by 2050
- Scope 3 emissions, which are emissions the port has influence over, not direct control, shall be 50% below 2007 levels by 2030 and 80% below 2007 levels by 2050
- Diesel particulate emissions will be reduced by 80% by 2020.

PRIORITY ACTION 1: PROVIDE AVIATION BIOFUELS (AIRPORT JET FUEL)

The Port is continuing to work collaboratively with airline partners to create market incentives aimed at reducing the price of aviation biofuels. In 2016, the Port finished its initial study on infrastructure needed to accommodate biofuels here at Sea-Tac Airport, and in 2017 completed its initial study on potential financial options that could be used to pay down the incremental cost of aviation biofuels. In 2018, the Port will continue to collaborate with airline partners to conduct a more in-depth evaluation of those financial options.

2018 Milestones

- Finalize financial analysis to determine options to reduce the incremental cost of fuel.
- Work with business partners to develop a corporate program as appropriate.

PRIORITY ACTION 2: SOURCE RENEWABLE NATURAL GAS

In addition to sourcing renewable natural gas (described above), the Port is evaluating carbon and particulate emission reductions through greening our fleet. More specifically, the airport is evaluating the costs and benefits of converting the airport's fleet of compressed natural gas (CNG) buses to electric. Preliminary estimates suggest carbon reduction costs of approximately \$400 per ton. The Port is on-track for this work and expects to present initial findings to the Commission in Q4 2017 or Q1 2018.

2018 milestones (same as objective 12, priority action 2)

- Evaluate costs to install and operate scrubber technology, install pipelines, and total project financing to source RNG.
- Continue to negotiate with developer(s) as appropriate to bring forward a proposed agreement to senior management and Commission.

PRIORITY ACTION 3: IMPLEMENT NORTHWEST PORT'S CLEAN AIR STRATEGY

A key component of this strategy is to conduct a comprehensive emissions inventory of the carbon and particulate matter associated with marine vessels operating in the Puget Sound area. This work is currently underway.

2018 Milestones

- Complete the Port of Seattle Draft Fuel Efficiency Plan for Port operations.
- Meet with cruise terminal operators to discuss and implement cargo handling equipment fuel efficiency plans.
- Incorporate clean construction practices identified in the NWPCAS into port design review procedures that are being updated as part of the Energy and Sustainability Resolution. These include idle reduction and stringent (Tier 4) engine emission requirements.

PRIORITY ACTION 4: OPTIMIZE PORTFOLIO PARK AND HABITAT RESTORATION SITES TO SEQUESTER GREENHOUSE GASES

As a function of the PORTfolio line of business, land assets may be leveraged to capture GHG reduction benefits, i.e. “carbon offsets,” associated with carbon sequestered in soils, sediments, biota and vegetation. Riparian, emergent marsh, mudflat and shallow subtidal habitats are surprisingly effective at removing carbon from the atmosphere. These benefits can be scaled and enhanced to help lower the Port’s net greenhouse gas emissions over time.

2018 Milestones

- Complete baseline analysis to determine greenhouse gases sequestered in existing PORTfolio habitat sites and parks.
- Assess potential for future greenhouse gas offsets through habitat restoration and strategic land management.

Challenges Ahead for CA Objective 14

1. Achieving significant biofuel use will take time and stakeholder support
2. Uncertainty with RNG costs, timing, and project risks
3. NWPCAS provides significant air quality benefits, but less carbon benefits
4. Carbon sequestration methodology and results highly uncertain

HIGH PERFORMANCE ORG STRATEGY 1: INCREASE CUSTOMER SATISFACTION

OBJECTIVE 1

IMPROVE CUSTOMER SERVICE & PUBLIC ENGAGEMENT

PRIORITY ACTION 1: EXECUTE THE AIRPORT'S MULTI-LAYERED CUSTOMER SERVICE PLAN APPROACH

The airport is focused on several key priority areas to improve the Airport Service Quality scores (ASQ) score as one of the key metrics for this objective. These areas include: airport restroom cleanliness, security checkpoint queue wait times, airport signage and wayfinding master plan, and terminal technology and connectivity. In addition, the lower and upper drives customer service levels, airport taxi wait times, and the scores from J.D.Power will be measured for this objective.

2018 Milestones

- Develop service standards for appearance, employee engagement, and staff knowledge
- Develop and adopt airport-wide customer service recognition program.
- Implement airport-wide customer experience training.

PRIORITY ACTION 2: UTILIZE SYSTEM TO TRACK & IMPROVE EXTERNAL CUSTOMER SATISFACTION FOR CORPORATE PROPERTIES AND MARITIME

A customer satisfaction measurement program has been implemented for the Maritime and Economic Development divisions. Maritime and Economic Development Division personnel will utilize the program and conduct surveys annually for landside and waterside customers.

2018 Milestone

Conduct 2018 annual survey, analyze results, and identify areas of improvement

PRIORITY ACTION 3: PUBLIC AWARENESS & ENGAGEMENT SURVEY

In order to better understand public perception, the Port conducted a county-wide survey in spring 2016 that provided a baseline. Focus groups conducted in summer 2016 will probe into the survey results. Additional focus group research is underway to inform the Sustainable Airport Master Plan (SAMP).

2018 Milestone

Conduct update of 2016 county-wide public perception survey to measure progress on public awareness of the Port

Challenges Ahead for HPO Objective 1

1. Adequate investment to support Aviation customer service plan
2. Aviation's external stakeholder capacity and schedule to commit to long range customer service efforts

3. Public Affairs reaching new audiences through social media

HIGH PERFORMANCE ORG STRATEGY 1: INCREASE CUSTOMER SATISFACTION

OBJECTIVE 2

IMPROVE PROCESS EFFICIENCIES & EFFECTIVENESS

PRIORITY ACTION 1: DEVELOP PROCEDURES, POLICIES, AND TOOLS TO MANAGE INTERNAL CUSTOMER SATISFACTION

Internal customer is defined as a Port of Seattle department providing service to another Port of Seattle department. As the Port of Seattle strives for operations excellence, it is imperative for the organization to transform into a data driven enterprise in order to meet the demands of customers quickly. It is critical to measure operational performance and quality across the Port through metrics. Develop standards to measure internal customer satisfaction as well as act on results, supporting the continuous process improvements identified as key areas in Priority Action 3, below. Key internal customer service groups include Aviation Maintenance (AVM), Marine Maintenance (MM), Human Resources & Development, Information & Communications Technology, Project Management Groups, and Central Procurement Office (CPO). AVM and MM service request on-time completion rates as well as CPO on-time completion rates are key metrics measured for this objective.

2018 Milestone

Establish service request on-time completion metrics and targets for AVM and MM departments, compare actual versus target, and identify areas for improvement.

PRIORITY ACTION 2: DEVELOP INFRASTRUCTURE TO SUPPORT CONTINUOUS PROCESS IMPROVEMENT (CPI) EFFORTS AND PROMOTE A PORT CULTURE EMBRACING LEAN

Port of Seattle has challenged the organization to respond to an unprecedented rate of growth with new levels of efficiency and effectiveness. By engaging employees in reengineering processes and reducing waste, the Port of Seattle can: (1) streamline work and gain capacity to support growth and (2) use these efficiency gains to free up resources, which can be reinvested. To achieve operations excellence with a culture embracing lean, the Port of Seattle is developing the infrastructure such that more lean training and education is available, more CPI projects are planned and executed, and achieve a future state where CPI is linked to performance management. The number of certified Lean specialists is a key metric for this objective.

2018 Milestones

- Create a formal Port of Seattle Lean Specialist certification program
- Certify five Port employees as Lean Specialists

PRIORITY ACTION 3: CPI CONDUCTED AT KEY AREAS AT THE PORT OF SEATTLE

This action aims to develop and streamline the Port of Seattle internal customer satisfaction measurement process through the initiatives of continuous process improvement, prioritizing the following key service groups and processes: Aviation Maintenance, Airport Operations, Capital Development, Marine Maintenance, Central Procurement Office (see below action), the Commission Review Process, and Cruise Operations (see page 25). These initial areas will serve as a model to learn from and in the future to apply to all departments at the Port of Seattle.

2018 Milestones

- Complete five aviation baggage and passenger flow process improvement events.
- Create visual systems in Aviation and Maritime Divisions to prioritize and track improvements.

PRIORITY ACTION 4: PROCUREMENT EXCELLENCE

Central Procurement Office (CPO) is strategically and operationally critical to delivering key Century Agenda goals, as well as to be a driver of financial stewardship and project excellence. In 2016, CPO launched a Port-wide supported effort, with consulting support, to identify opportunities to increase efficiency and effectiveness of our existing procurement processes, systems and capabilities. Over the next years, the Port of Seattle is committed to implementing a set of four Procurement Principles:

Principle 1: Procurement supports our values

Principle 2: Procurement processes emphasize customer service

Principle 3: Procurement is about planning ahead and working collaboratively

Principle 4: Procurement should be grounded in rigorous and transparent decision-making.

2018 Milestone

Evaluate CPO service directive and service directive modification processes, identify areas for improvement, and initiate improvement events as needed.

Challenges Ahead for HPO Objective 2

1. The ability of Port staff to monitor key metrics and take action when targets are missed
2. Getting Port staff and partners at all levels to embrace the culture of process improvement
3. CPO staff balancing day-to-day requirements and demanding workload with Procurement Excellence efforts