

2019 NWSA PERFORMANCE GOALS & EXPECTATIONS

I. BUSINESS DEVELOPMENT / COMMERCIAL INITIATIVES		Date Edited: 7/30/19
KEY PRIORITIES FOR 2019 & BEYOND	PERFORMANCE MEASURE	RESULTS TO DATE
1. NORTH HARBOR COMMERCIAL STRATEGY & T-5 MODERNIZATION & WATERWAY DEEPENING: (1) Re-engineer and modernize the North Harbor container terminal footprint to meet future container industry requirements, (2) increase throughput and terminal utilization supported by a commercial deal that is financially viable to support capital investment. (3) Support execution of Army Corps of Engineers' Seattle Harbor Deepening Project for POS/NWSA.	A. Achieve multi-year lease commitment with international container customers and MTOs: Conclude negotiation and agreement for Phase I of T5. Advance commercial negotiation for early commitment of Phase II term lease.	Complete Complete In progress
	B. Secure incremental new maritime cargo-related activities at the unused terminal acreage at T46.	In progress. Foss plans to move to T46 under a Master License Agreement. RFP for T46 is scheduled to go out in August
	C. Secure Phase I T5 construction funding and commence construction of 2019 Q3.	COMPLETE Project is on schedule and slightly below budget. Staff are preparing a federal grant application in partnership with SSA Marine to help offset cost of T5.

	D. Begin preconstruction, engineering and design (PED) of the Seattle Harbor channel deepening project and obtain federal funding for continuing this work in subsequent years.	There are no Q1 updates for this item. We probably will not have any news until the Corps issues its FY20 work plan, which will be 30-45 days after Congress passes its FY20 Energy and Water approps bill.
2. MAXIMIZE GATEWAY EXPORT POTENTIAL: Leverage partnership opportunities to retain, attract and grow export cargo (container/non-container) & increase cargo diversification: Expand BB, Auto & Industrial Maritime activity.	A. Complete feasibility study on the short-haul rail project to/from Eastern WA. Explore a pilot project based on the findings of the study.	Recruited another supply chain partner; currently going through feasibility study phase.
	B. Increase international container market share versus other ports.	YTD (May 2019) NWSA increased its market share by 0.9% (to 13.9%) compared with 2018, out-performing all other West Coast ports.
	C. Assess the viability of the Midwest regional rail hub strategy to attract more inland export cargo. Implement components of the strategy if proven viable.	In partnership with other stakeholders, scheduled to present the business plan to BNSF in August.
	D. Explore the concept of off-dock terminal yards in Eastern WA and OR.	Evaluated the concept in partnership with MTO's, ultimately decided not to move forward.
	E. Retain the auto business by renewing the Glovis agreement expiring end of 2019.	In negotiation with GLOVIS. Will have tentative agreement in Sept/Oct

<p>3. GENERAL CENTRAL PENINSULA (GCP): Negotiate a Husky lease amendment that allows for building a new truck gate complex. Work with Husky Terminal regarding the tenant improvement for constructing and redeveloping terminal backlands that will maximize cargo capacity and throughput. This project will include extensive upgrades to paving, reefer capacity, electrical upgrades, yard reconfiguration and lighting. Support execution of Army Corps of Engineers' Tacoma Harbor Deepening Project for POT/NWSA.</p>	<p>A. Amend Lease and Operating Agreement to incorporate additional acreage. Support tenant's improvements (reconfiguration of CY and development of new gate complex). Coordinate on-terminal project with Port of Tacoma Thorne Road property improvements and consider related off-terminal road and rail infrastructure needs and impacts.</p>	<p>Executed the Fifth Amendment to the Husky Lease and Operating Agreement (with Managing Member authorization on May 7, 2019) which expanded Husky's leased premises by ~28 acres (including ~6 acres at Lot F) and allowed for the release of the NWSA's previously authorized \$14M investment for the development of a new gate complex at Lot F and various container yard improvements. Construction under the Tenant Improvement Program commenced in July 2019 and is expected to be completed in the Container Yard by Q4 2019 and at Lot F before Q2 2020. Upon completion, total terminal capacity will be increased to more than 800,000 TEU per year.</p>
	<p>B. South Harbor Waterway Deepening: Secure funding for the Feasibility Study on the Tacoma Harbor deepening project in partnership with the US Army Corps of Engineers, in order to stay on track with the 3-year timeline established by Congress. Complete soil sampling survey by yearend 2019. Review project with key stakeholders.</p>	<p>COMPLETE- On Jan. 17 USACE held the public information meeting for the Tacoma Harbor deepening project. The public meeting kicked off a comment period that closed on Feb 21. The Corps received only a handful of comments. In April NWSA personnel and Puget Sound Pilots representatives traveled to Vicksburg to participate in ship simulations that will inform the feasibility study. The feasibility study is fully funded thanks to the larger-than-expected amount the Corps included in its FY19 work plan. This means the study has been fully funded in two years of appropriations instead of the expected three years. Study-level sediment characterization is complete. Results generally favorable. Expecting internal review draft of Study August 2019.</p>
	<p>C. Receive and commission 4 ship-to-shore cranes at Pier 4 and commence operations by Q2 2019.</p>	<p>COMPLETE. Piers 3 and 4 now have eight (8) fully operational Super Post-Panamax cranes. Surplus action on four (4) obsolete cranes is pending.</p>

4. DIVERSIFY CARGO BUSINESS PORTFOLIO	A. Renew UPRR domestic terminal lease at the SIM Yard.	In progress. Tentatively scheduled for August/September Managing Member meeting.
	B. Renew the log export business lease. - Secure marine cargo business opportunity for the site	Customer has shut down operations due to the negative impacts of recent tariffs. -In progress. Staff working with aggregate business opportunity.
5. BUSINESS INNOVATIONS: Explore and implement innovative business solutions to retain and grow cargo (container/non-container).	A. Secure Service agreements with selected container and/or breakbulk BCOs that capitalize on their growth strategies.	Secured new Australian export cargo with a RoRo customer. Proposed Service Level Agreement to BCO accounts.
	B. Develop an NWSA transformational digitization strategy to maximize opportunities within the global shipping industry.	First draft of a Technology Vision and Digitization Strategy is complete and being reviewed by stakeholders. Completion is expected by end of Q3 2019.
	C. Enhance and expand the number of distribution centers (DCs) and transload facilities in the region with targeted strategic accounts.	TJX opened 2nd operation in Fife. Best Buy to open their own facility August of 2019 in Spanaway. Southern Glazers (wine and spirits) opened new distribution facility on E.11th St., allowing for 50% business growth. Samsung opened new distribution facility at Prologis (Taylor Way) to support International cargo growth. Continue to support a large transloader's effort in securing footprint in Seattle.
II. GATEWAY OPERATIONS		
ENHANCE GATEWAY PRODUCTIVITY, EFFICIENCY & OPERATIONAL PERFORMANCE: A. Enhance the Port's Community Portal to improve cargo & service visibility and coordination across the supply chain.	A1. Design and Implement Phase II of the Port's Community Portal by end of 2019. This will include functionality that improves real-time cargo, drayage and inland transportation visibility	Request for Information (RFI) for the expansion of the Port Community System was advertised in June 2019. RFIs are due back to the NWSA by the end of July 2019. Staff will then perform a cost-benefit analysis beginning August 2019. Determine phased rollout of PCS enhancements by the end of 2019.

	<p>A2. Establish ILA & strategic plan with WSDOT / SDOT / TDOT & King and Pierce Counties for electronic monitoring infrastructure & systems outside the port complex. This will be integrated into the Port's Community Portal.</p>	<p>Partnering with SDOT and WSDOT to utilize CMAQ grant funds (\$660K) to install and integrate CCTV Cameras in freight corridors in Seattle. As part of this effort a ILA with SDOT has been drafted. Scheduled to request authorization from commission for the ILA and CMAQ Grant in Q4 of 2019.</p> <p>TDOT does not have a Traffic Management System. We are exploring ways to engage and work with TDOT/City of Tacoma/City of Fife/WSDOT/Pierce County to develop a strategic framework for traffic management and the implementation of an Intelligent Transportation System (ITS).</p>
<p>B. Expand real-time drayage truck electronic monitoring & reporting of total service time at the international container terminals</p>	<p>B. Real-time drayage truck tracking project implementation by June 2019</p>	<p>North Harbor: Full turn time visibility is complete for the North Harbor.</p> <p>South Harbor: Design work is underway for the South Harbor. Current project plan has implementation for the South Harbor at the end of 2019.</p>

<p>C. Enhance and improve service delivery KPIs with a move toward real-time reporting and analytics</p>	<p>C. Facilitate service delivery improvement initiatives with Marine Terminal Operators, Labor and Rail Roads:</p> <ul style="list-style-type: none"> - Target improved crane production to 30+ MPH - Reduce full gate turn times at/below 90-min avg. - Maintain intermodal transit to Chicago at/below 6 days 	<p>Crane Production: Q1: NWSA 26.3 Seattle 26.3 Tacoma 26.3 Q2 2: NWSA 27.7 Seattle 27.4 Tacoma 28.0 YTD: NWSA 27.0 Seattle 26.9 Tacoma 27.1</p> <p>Turn Times*: Q1: Seattle 61.2 Tacoma 47.1 Q2: Seattle 57.6 Tacoma 44.2 YTD: Seattle 60.5 Tacoma 46.0 <i>*Info source is RFID readers: Seattle is full turn-time (security pedestal to out gate) and Tacoma is only on terminal turn-time (pedestal-to-pedestal)</i></p> <p>Transit Time to CHI: Q1: 7.6 days* Q2: 5.8 days YTD: 6.7 days <i>*Transit times were severely impacted by winter weather in Chicago. Rail ramps were being shut down due to extremely cold weather.</i></p>
<p>D. Promote improved service delivery by working with stakeholders to match workforce demand with registration availability and training.</p>	<p>D1. Work with PMA/ILWU to increase registration and casual hiring to meet increased labor demand.</p>	<p>Local 19: 135 longshore have been registered in 2019 along with the hiring of 540 casuals. Minimal labor shortages have occurred during the start of the cruise season. In addition, a new per passenger assessment was levied by the PMA against the cruise lines in July. The funds from the assessment will enable the industry to employ adequate staffing levels to cover peak cruise season demand going forward.</p> <p>Local 23: Ongoing registration has been agreed between the ILWU and PMA. 30 longshore will be registered along with the hiring of 90 casuals every quarter in 2019.</p>

	D2. Hold the labor/NWSA/Terminal Operator meetings to discuss how to improve the performance of the gateway.	<p>Local 19: Multiple meetings have occurred with SSAT/NWSA/Local 19. Future meetings are being scheduled to include a few commissioners.</p> <p>Local 23: Due to leadership change at Local 23 meetings with MTOs will be targeted for Q3 and Q4 of 2019 and will include a few commissioners.</p>
E. Explore expanding Port Operations (off-terminal) to augment/increase service delivery options to the supply chain stakeholders.	E. Create a draft port operations expansion strategy by mid-year 2019 and evaluate other opportunities to expand NWSA-controlled operations.	NWSA operations expansion opportunities for both harbors developed Q2 2019. A South Harbor Terminal Optimization Plan is in development with delivery anticipated in Q4 2019.
III. FINANCIAL PERFORMANCE		
EFFECTIVELY MANAGE 2019 OPERATING ACTIVITIES TO DELIVER EXPECTED FINANCIAL RESULTS.	A. Meet or exceed the budgeted 2019 net operating income and distributed cash.	YTD operating income was \$48M and \$5M (11%) above budget and net income was \$6M (13%) above budget. Non-Container OI was \$3M over budget from higher military, breakbulk and autos cargoes. TEUs were up 8%, but revenue increase was offset by termination of T46 lease, an increase of \$1M. Admin expenses were below budget by \$2M.
	B. Year-over-year comparison and explanation of financial results and opportunities for improvement.	YTD operating income was \$3M (7%) below prior year and net income was \$2M (3%) below prior year. Although revenue increased 7% over the prior year (TEUs up 8% and breakbulk tonnage and auto units up 17% and 19%, respectively), one-time crane removal costs at T18 and T46, and higher depreciation for post-formation assets drove operating income down.
	C. Evaluate the structure of our business models and make recommendations on ways to improve the financial performance of business leases.	Analysis of alternative leasing structures was started in Q2. Recommendations will be provided by end Q3.
	D. Evaluate and make recommendations on any improvements to the tariff setting practices.	Briefing materials on the subject is scheduled to go out in early August. Staff will further refine the tariff document and the reviewing process.

IV. ENVIRONMENTAL STEWARDSHIP

1. IMPLEMENT CLEAN TRUCK PROGRAM	A. Develop and implement a drayage truck registry and Red Light/Green Light technology infrastructure by Q1 2019. Synchronize North Harbor and South Harbor truck management database using RFID technology and data obtained through early use of new gate technology.	International container terminals in both harbors are fully RFID equipped as of Q1 2019. Truck management database is also operational.
	B. Provide a recommend domestic terminal Clean Truck Strategy to the MMs by Q1 2019.	Presented recommendation in Q1; per Commissioners' public discussion, committed to return to Managing Members if percentage of compliant domestic trucks drops below 75%. We are currently at 86% compliance.
2. NW PORTS CLEAN AIR STRATEGY	A. With broad external stakeholder support, update the plan by Q1 2020.	First stakeholder engagement workshop was conducted on July 18. Recommendations were solicited regarding feedback on vision, guiding principles, and technology shifts required to meet the vision. Feedback in the first round of engagement will inform the development of specific strategies for reducing emissions. Expected second round of engagement fall/winter 2019, third round early 2020, with final strategy complete late Q1 2020.
	B. Pursue grant opportunities to further Cargo Handling Equipment (CHE), Shorepower and fleet modernization initiatives.	Secured \$4.4 million in state funds for T-5 shorepower infrastructure. Secured \$1 million in DERA funds for Husky shorepower infrastructure. Have proposed new use for remaining Ecology clean truck funds including shore power and CHE.
	C. Pilot electric yard equipment at both the North and South Harbor terminals by the end of Q2.	BYD yard truck pilot was conducted in both North and South Harbors week of July 22.
3. WATER QUALITY (WQ)	A. Construct West Sitcum stormwater treatment system by Q1 2019.	Stormwater treatment systems in all 3 basins online Q2 2019. We are meeting benchmarks.
	B. Resolve current litigation at West Sitcum Terminal & T46.	T-46 litigation settlement approval expected in Q3 2019. West Sitcum litigation not expected to be completed until Q4 2019 or beyond.

	C. Develop comprehensive and integrated industrial stormwater general permit (ISGP) policy and leasing strategy to establish responsibilities and minimize legal/compliance risk by Q4 2019.	Pending outcome of T-46 and West Sitcum litigation.
4. GREEN GATEWAY INITIATIVES	A. Work along side the Commercial & Public Affairs Depts and our customers to highlight and leverage our Green Gateway initiatives.	Elements of all environmental initiatives are consistently promoted in multiple customer and community forums.
V. PUBLIC AFFAIRS / GOVERNMENT RELATIONS		
1. LAND USE & TRANSPORTATION PLANNING	Support POT 2019 work on Tideflats Subarea Plan with the City of Tacoma to articulate NWSA interests and impacts.	Work Plan approved by Steering Committee Q1 2019. Next step is to hire consultant and draft a public engagement plan. Planning process will likely begin Q1 2020.
2. DEVELOPMENT STRATEGY	Complete a scope of work, a schedule, and obtain executive authorization for consultant support to create an NWSA Terminal Development Plan for both harbors that will inform future 1) infrastructure investment, 2) land utilization, and 3) business decisions by Q4 2019.	Working draft of a 3-phase plan for the Gateway Master Plan is complete and Phase I, Terminal Optimization Plan, is underway. Expect to complete the facility master plan end of Q3 2020.
3. BUILD AWARENESS IN THE PNW OF IMPORTANCE OF MARITIME TRADE INDUSTRY: Partner with key stakeholders to develop & execute aligned messaging.	A. Execute a multi-platform public affairs marketing plan, leveraging sponsorships & memberships to promote brand and ensure support from industry and community leaders.	In November of 2018 commissioners declined to fund a staff proposal to launch the public affairs marketing plan. Instead, staff has leveraged internal resources and social media channels to engage industry partners and build awareness. Opportunities such as the Terminal 5 decision and subsequent events have raised public awareness of the NWSA and the impact of marine cargo on the region.
	B. Launch and support in Q4 2018-2019 the Port Competitiveness Coalition and state legislature caucus; this network & education will help support achievement of Goal I, as does the Public Affairs' Team policy work and ongoing education with elected officials on the competitive landscape facing our gateway.	COMPLETE - We will continue to build on this early success in the 2020 legislative session and interim. During interim meetings with lawmakers we have encouraged them to participate and support this effort.

4. REDUCE REGULATORY CONSTRAINTS	A. Advance legislation that allows for operation of unregistered vehicles shipped as marine cargo on public streets between port facilities.	COMPLETE
	<p>B. Explore integration and improvement to regulatory requirements of gateway operations, similar to Canadian permit improvement initiative.</p> <p>Create greater awareness of the Canadian integrated strategy at the state & federal levels,</p>	<p>Creating this visibility has been a priority for government affairs staff. This information has been a portion of all briefing with lawmakers at all levels and will continue to be part of our description of the competitive landscape.</p>
5. GRANTS	Leverage export-related grants from both the State and Federal government.	<p>NWSA returned \$1.5 million in FAST formula funds for the Port Community System, as the project could not obligate funds within the required timeframe. NWSA tried to re-purpose the FAST grant for T5 Access, but that project could also not obligate the funds within the required timeframe. This \$1.5M grant will now be applied to the Taylor Way Road improvements, a freight corridor project by the City of Tacoma. NWSA secured \$4.4 million in state funds for T-5 shorepower and secured \$1 million in DERA funds for Husky Terminal shorepower.</p> <p>Reviewing all NWSA projects for new MARAD port grant opportunity due Sept 2019; most competitive project is T5 upland improvements and will be a joint application with SSA.</p> <p>NWSA is supporting the City of Fife's BUILD grant application for POT Road Interchange, a request of \$25M; NWSA and homeport projects were reviewed but no projects are currently competitive for the scope and timing of this BUILD round.</p> <p>Also provided letters of support for these outside partner projects that support NWSA strategic business plan: WSDOT Virtual Coordination Center for the I-5 corridor; Port of Alaska for dock rehabilitation in Anchorage.</p>

6. HARBOR MAINTENANCE TAX REFORM: Advocate & influence Congress to reform the HMT by addressing international competitiveness & donor port equity.	A. Advance HMT reform legislation that addresses NWSA priorities for international competitiveness and donor port equity.	AAPA draft legislation is finalized. House sponsors are being secured. AAPA and NWSA are working with Senate Democrats to develop consensus proposal to offer to Senate Appropriations Chair Shelby.
	B. Achieve implementation of Section 2106 regulation on HMT rebates that reflects port priorities.	OMB has signed off on 2106 rebate letters. Waiting for final execution by the Corps and CBP
7. ENHANCE REPORTING METRICS FOR JOB CREATION	Partnering with homeports, complete 2018 economic impact study. Utilize results to better define additional jobs of producers/manufacturers reliant on NWSA gateway to reach global markets. This work will also improve capability to connect economic impact to underserved communities & constituencies.	In Q1 the joint economic impact study between the homeports and NWSA was completed. This effort uses some new metrics and connection points to better explain the impact of our gateway. We continue to work with other organizations/innovators in this to find new ways to do this work.
8. PORT COMPETITIVENESS FUND	Establish a Port Competitiveness Fund that helps accomplish Goal I strategic initiatives & projects, including terminal infrastructure, port community systems, emissions reduction & supply chain partnerships recruiting cargo to the NWSA Gateway.	\$100 million port competitive grant program included in Hobbs statewide transportation package, though measure did not pass. We will continue to advocate for grant funding on an annual basis. In 2019 we were successful in securing state match for T-5 shorepower.
VI. ORGANIZATIONAL PERFORMANCE		
1. COMPLETE 2019 TRANSITION ACTIVITIES	A. Determine long-term work space requirements, including physical location & tech. improvements.	Staff will present options during the September 2019 NWSA public meeting.
	B. Complete transition of North Harbor lease administration to the NWSA.	COMPLETE
	C. Complete assessment and develop a timeline and plan to improve the efficiency of monthly financial data transfers from the NH to NWSA Finance (used to prepare financial statements).	Work is underway to outline the work plan and timeline.
2. TOTAL REWARDS	Complete assessment and develop timeline and implementation plan for any recommended changes.	Gallagher (consultant selected for Total Rewards) presented findings and options to commissioners at June 4th meeting. Recommendations will be presented to commissioners at August 6th meeting.

3. STAFFING	A. Diversity & Inclusion: Make progress on our diversity & inclusion plan that reflects the community that we serve.	Completed 2018 Diversity & Inclusion Report. Strategic planning continues in identifying opportunities to increase diversity and inclusion in our workforce. Moving forward on development of apprenticeship program.
	B. Succession Planning: Develop a succession plan for leadership positions within the organization.	Proposed draft succession plan projected to be completed by year-end.
	C. Organizational Health: Implement a training program that supports a healthy working environment.	Currently evaluating options for continued diversity training for all employees. Periodic training offered by external consultants on employee well-being (e.g. how to handle change; healthy eating habits). New program of supervisory training began early this year to provide information and tools to be more effective supervisors. HR also began a series of Lunch & Learn sessions to provide additional information on Total Rewards and other HR topics to answer questions and obtain employee input.