

COMMISSION AGENDA

Item No: 4B

Meeting: 3/19/20

DATE: March 4, 2020

TO: Port Commission

FROM: Eric D. Johnson, Executive Director
Sponsor: Eric D. Johnson, Executive Director
Project Manager: Deirdre Wilson, Senior Planning Manager

SUBJECT: General Business: Strategic Plan

A. BRIEFING

Port staff and consultants will provide an update on the development of Strategic Plan process. This memo is intended to provide a recap of the details of the project contract as background for the consultant's presentation.

B. SYNOPSIS

On December 19, 2019, the Commission directed the Port of Tacoma Executive Director, or his delegate, to engage the services of an outside firm that specializes in port public sector strategic plan development and assistance.

On January 2, 2020, a contract was executed with Maul Foster and Alongi (MFA).

C. BACKGROUND

The current Port of Tacoma Strategic Plan, titled *Strategic Plan 2012-2022: People. Partnership. Performance.* was authorized in 2012. As a result of the creation of The Northwest Seaport Alliance in 2015, several of the 2012 Strategic Plan's areas of focus are now in the prevue of the NWSA.

The result of the 2020 Strategic Plan will be to develop an aspirational yet achievable plan that will help shape the future of the Port of Tacoma, what it will do for its constituents and customers, and how it will guide decision-making and investments.

D. TERMS OF AGREEMENT

Per Personal Services Agreement No. 071173 dated December 31, 2019, MFA will work with the Port Commission and staff to complete a Port Strategic Plan in 2020 that will:

- Delineate the focus and identity of Pierce County's Port of Tacoma, and

- Consider the landside support needs of the NWSA managed marine cargo terminals.

The final Port Strategic Plan delivered on or before December 2020.

E. PROJECT DETAILS

Scope of Project

- **Public Engagement:** The goal of this effort is to solicit input from Pierce County citizens on strategic planning options that will help the port achieve a shared vision.
- **Internal Engagement:** Participate in regular conversations with the planning team, engage with the Port Commission, and help port staff navigate the anticipated overlapping conversations with concurrent work on the NWSA Gateway Infrastructure Plan (GIP), and the City of Tacoma Tideflats Subarea Plan (TSAP).
- **Marine Cargo Operations:** Consider the marine cargo operations 'outside the gates' relative to on-terminal activities.
- **Situational Assessment:** Assess the Port's current situation and strategic opportunities to prepare a strength, weakness, opportunity, and threat (SWOT) analysis to inform the plan.
- **Strategic Options:** Develop a set of qualitative and quantitative criteria that can be used to determine how well the strategic planning options support the vision and goals of the strategic plan and then develop a set of three planning options and evaluate those options against the criteria.
- **Final Port of Tacoma Strategic Plan:** Complete a final user-friendly Port of Tacoma Strategic Plan, suitable for both paper and electronic use. This will include the elements specified in the signed Personal Services Agreement.

Schedule

Our goal is to complete the Strategic Plan by the end of 2020.

F. FINANCIAL SUMMARY

Estimated Cost of Project

The total contract amount including all stages is estimated at \$291,900.

G. PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

September 26, 2019	Briefing
December 19, 2019	Contract Authorization

H. ATTACHMENTS

- Strategic Plan 2012-2022: People. Partnership. Performance.
- Personal Services Agreement

I. NEXT STEPS

The project team will be conducting interviews with internal and external stakeholders. Staff workshops are scheduled for early April to discuss strengths and areas to work on in preparation for the SWOT work session. The SWOT work session will be held on April 30. The project team will provide another update to the Commission at the April meeting.



PERSONAL SERVICES AGREEMENT NO. 071173

PROJECT: Port of Tacoma Strategic Plan Consultant Services

CONSULTANT: Maul Foster & Alongi, Inc., 2815 2nd Avenue, STE 540, Seattle, WA 98121

PROJECT MANAGER: Dierdre Wilson **GL ACCOUNT NO.:** 10-6005-76-0000-00

THIS AGREEMENT is made and entered into by and between the **Port of Tacoma** (*hereinafter referred to as the "Port"*) and Maul Foster & Alongi, Inc. (*hereinafter referred to as the "Consultant"*) for the furnishing of POT Strategic Plan Consultant Services (*hereinafter referred to as the "Project"*).

The Port and Consultant mutually agree as follows:

SERVICES

The Consultant will:

Work with the Port Commission and staff to complete a Port Strategic Plan in 2020 that will:

- Delineate the focus and identity of Pierce County's Port of Tacoma, and
- Consider the landside support needs of the NWSA managed marine cargo terminals.

The consultant will perform the following:

Public Engagement

The goal of this effort is to solicit input from Pierce County citizens on strategic planning options that will help the Port achieve a shared vision.

- Partner with Port public affairs staff to develop and execute a public engagement plan and associated outreach tools, including social media and direct public engagement.
- Partner with Port public affairs staff to identify key stakeholders from throughout Pierce County, including business and community leaders, local government representatives, elected officials, economic development agencies, labor and environmental representatives, as a resource for information.
- With Port planning and public affairs staff, facilitate up to three staff-level meetings to include staff from the City of Tacoma, City of Fife, City of Tacoma, Puyallup Tribe of Indians, and Pierce County to facilitate coordination with other related planning efforts. Port government relations staff will support and provide the appropriate contacts for these intergovernmental meetings and will assist in locating venues for the meetings.
- Working with Port public affairs staff, conduct up to four public open houses in a variety of county locations to gather input on three draft strategic planning options.

Internal Engagement

- Participate in regular conversations with the planning team to identify expectations and review progress. This will include a kick-off meeting to establish the frequency and format for planning team meetings.
- Assist in the preparation of content for Commission memos and presentations.
- Engage with the Port Commission by participating in public Commission study sessions and up to three public Commission briefings seeking input and guidance on policy issues.
- Help Port staff navigate the anticipated overlapping conversations with concurrent work on the NWSA Gateway Infrastructure Plan, and the City of Tacoma Tideflats Subarea Plan.

Marine Cargo Operations

- In this Strategic Plan for the Port of Tacoma marine cargo operations 'outside the gates' will need to be considered, but the on-terminal activities will not be addressed. The NWSA will complete a separate facilities master plan, the Gateway Infrastructure Plan (GIP). The GIP will include both North and South Harbor properties managed by The NWSA.
- The following overlapping areas may be addressed at a high level in the Port Strategic Plan.
 - Cargo movement needs such as local short distance rail opportunities and convenient routes that facilitate efficient truck movement.
 - Attraction and expansion of businesses beneficial and supportive of marine cargo activities such as value-added manufacturing and trans-loading.
 - Recognition of industrial lands within the region that support cargo operations at the Port, and a plan for how to manage future relationships that support these vital uses.

Situational Assessment

- Assess the Port's current situation and strategic opportunities to prepare a strength, weakness, opportunity, and threat (SWOT) analysis to inform the plan.
- Prepare a situation assessment report developed from the SWOT analysis and stakeholder feedback.

Strategic Options

Using the results of the previous tasks:

- Develop a set of qualitative and quantitative criteria that can be used to determine how well the (three) strategic planning options support the vision and goals of the strategic plan.
- Develop a set of (three) strategic planning options that address the following strategic plan elements as shown below.
- Evaluate the (three) options against the criteria.

Draft Port of Tacoma Strategic Plan

Develop up to four iterations of a draft strategic plan that reflects elected official, staff, stakeholder, and community input. The plan must use maps to express ideas whenever possible to maximize the efficiency of information shared.

Final Port of Tacoma Strategic Plan

- Following Commission study sessions and final internal vetting, produce a final user- friendly Port of Tacoma Strategic Plan, suitable for both paper and electronic use, for final consideration by the Port of Tacoma Commission on or before December 2020.
- The final version of the strategic plan should include the following elements:
 - Goals and Strategic Theme
 - Economic Development
 - Real estate and land use
 - Port of Tacoma focused opportunities
 - Marine cargo support
 - Transportation
 - Rail
 - Road
 - Environmental
 - Habitat development
 - Water quality
 - Air quality/sustainable practices
 - Remediation
 - Climate change and adaption
 - Community Partnerships
 - Governments, including the Puyallup Tribe of Indians
 - Institutions of higher education
 - Social responsibility
 - Workforce training
 - Non-Governmental Organization (NGO's)
 - Recreation and Public Access
 - Port staff office location
 - Port financial capacity and the role of the Port property tax levy
 - Implementation steps and schedule for subsequent updates

DELIVERABLES

1. Public engagement plan.
2. Presentations and materials for public open houses.
3. Content for Port Commission memos and presentations.
4. Periodic written summary of comments from internal and external engagement.
5. Strength, weakness, opportunity, and threat (SWOT) analysis and a Situation Assessment Report.
6. Up to three (3) strategic planning options, evaluation criteria, and evaluation results.
7. Up to four (4) iterative strategic plan drafts.
8. Final Port Strategic Plan delivered on or before December 2020.

Deliverables will be fully defined in each approved task order, but generally the deliverables will be required to accomplish the services outlined above.

COMPENSATION

This will be accomplished on fully burdened, fixed basis and will not exceed **\$291,900.00** without prior written approval from the Port.

Consultant is responsible for working within the budget as agreed. Should the Consultant incur costs beyond the not-to-exceed contract budget amount without an executed amendment to this contract, the Consultant is solely responsible for the additional costs.

All invoices shall be emailed to cpinvoices@portoftacoma.com. Each invoice must be accompanied by all required supporting documentation. Incomplete or improperly prepared invoices will be returned for correction without processing or payment.

Consultant agrees to submit timely invoices as the Services progress. Invoices that are submitted for payment ninety (90) days or more after the Services were completed are subject to non-payment

The length of this agreement is from the date of execution to December 31, 2020.

This agreement is expressly conditioned upon the Terms and Conditions attached and by reference incorporated herein. Consultant acknowledges reading this Agreement, understands it and agrees to be bound by its Terms and Conditions.

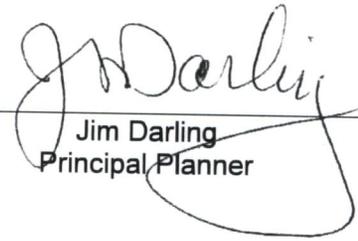
AGREED

PORT OF TACOMA

MAUL FOSTER & ALONGI, INC.

By  _____
Mark Little
Director, Contracts and Purchasing

1/2/20
Date

By  _____
Jim Darling
Principal Planner

1/2/2020
Date

Port of Tacoma Terms And Conditions Personal Services Agreement

In consideration of the mutual covenants, obligations, and compensation to be paid by the Port to Consultant, it is agreed that:

Consultant shall obtain all professional licenses and permits required to complete the Services.

1. Key Personnel

The Consultant's and/or its subconsultants' key personnel, as described in its Consultant selection submittals, shall remain assigned for the duration of the Project unless otherwise agreed to by the Port.

2. Relationship of the Parties

Consultant and its subconsultants and their employees, are independent contractors. Nothing contained herein shall be deemed to create a relationship of employer and employee nor of principal and agent.

3. Conflicts of Interest

Consultant warrants that it has no direct nor indirect economic interest which conflicts in any manner with its performance of the Services required under this Agreement. Consultant warrants that it has not retained any person to solicit this Agreement and has not agreed to pay such person any compensation nor other consideration contingent upon the execution of this Agreement.

4. Compliance with Laws

Consultant agrees to comply with all local, state, tribal and federal laws and regulations applicable to the Project, including building codes and permitting regulations existing at the time this Agreement is executed and those regarding employee safety, the work place environment, and employment eligibility verifications as required by the Immigration and Naturalization Service.

5. Records and other Tangibles

The Port is a public entity and must maintain access to, and be able to provide, records per RCW 40.14, RCW 42.56 and the Secretary of State's Local Government Common Records Retention Schedule (CORE) Version 3.3 (October 2016). Therefore, until the expiration of six (6) years after the term of this Agreement, Consultant agrees to maintain accurate records of all activities done in providing the Services and to deliver such records to the Port upon termination of the Agreement or otherwise as requested by the Port.

6. Ownership of IP

The plans, specifications, models, programs, reports, and other products prepared by the Consultant in performing the Services are Instruments of Service for purposes of the copyright laws of the United States. The Port has ownership rights to the Instruments of Service. Consultant shall not be responsible for changes made in the Instruments of Service by anyone other than the Consultant. Consultant shall have free right to retain, copy and use any tangible materials or information produced but only for its own internal purposes. Use of the Instruments of Service for promotional purposes shall require the Port's prior consent. Notwithstanding anything to the contrary in this Agreement, Consultant and its personnel are free to use and employ their general skills, know how, and expertise, and use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques, or skills gained or learned

during the course of this Agreement so long as they acquire and apply such information without any unauthorized use or disclosure of confidential or proprietary information from the Port.

7. Disclosure

All information developed by the Consultant and all information made available to the Consultant by the Port, and all analyses or opinions reached by the Consultant shall be confidential and shall not be disclosed by the Consultant without the written consent of the Port.

8. Compensation

As full compensation for the performance of its obligations of this Agreement and the Services, the Port shall pay Consultant as specified in the Agreement.

9. Payment Schedule

Consultant shall submit detailed numbered invoices monthly showing descriptions of the Services being invoiced, work order number, title of the Project, total authorized, total current invoice, balance of authorization, individual's names and titles, hours, hourly rate by the 10th of the following month to be paid by the end of the 30th, unless other terms are agreed to by the parties.

10. Costs and Disbursements

Consultant shall pay all costs and disbursements required for the performance of its the Services.

11. Insurance - Assumption of Risk

a) As a further consideration in determining compensation amounts, Consultant shall procure and maintain, during the term of this Agreement, such commercial

general, IT Professional or Cyber Liability, and automobile liability insurance as shall protect Consultant and any subconsultants performing the Services from claims for damages from bodily injury, including death, resulting there from as well as from claims for property damage and cyber-related risks such as theft, loss or misuse of data, release of private information as result of a network breach, penetration, compromise, or loss of IT systems control which may arise under this Agreement, whether arising from operations conducted by the Consultant, any subconsultants, or anyone directly or indirectly employed by either of them.

b) The Consultant and its subconsultants shall indemnify, defend (the defense obligation shall not apply to professional liability claims), and hold harmless the Port of Tacoma and the Northwest Seaport Alliance and their respective appointed and elective officers and employees ("Indemnified Parties") from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind and nature, including attorney fees and costs by reason of any and all claims and demands on the Indemnified Parties arising from the negligent acts, errors, or omissions by the Consultant in the performance of the Services.

c) Not used

d) Consultant shall indemnify and hold the Port of Tacoma and Northwest Seaport Alliance harmless from and against any liability, expense, fines, penalties, cost, demand, or other obligation, resulting from or out of any cyber-related risk that include theft, loss or misuse of data, release of private information as result of a network breach, penetration,

compromise, or loss of IT systems control.

12. Standard of Care

Consultant shall perform the Services to conform to any applicable generally accepted professional standards. Consultant shall, without additional compensation, correct or revise any errors or omissions in such the Services.

13. Time

Time is of the essence in the performance of the Services.

14. Assignability

Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the Agreement to any party without prior written consent of the Port.

15. Term of this Agreement

The effective dates of this Agreement are as specified. This Agreement may be terminated by the Port for cause when the Port deems continuation to be detrimental to its interests or for failure of the Consultant to perform the Services. The Port may terminate this Agreement

at any time for government convenience in which case it shall provide notice to the Consultant and reimburse the Consultant for its costs and fees incurred prior to the notice of termination.

16. Disputes

If a dispute arises relating to this Agreement and cannot be settled through direct discussions, the parties agree to endeavor to settle the dispute through a mediation firm acceptable to both parties, the cost of which shall be divided equally. The Port reserves the right to join any dispute under this Agreement with any other claim in litigation or other dispute resolution forum, and the Consultant agrees to such joinder, so that all disputes related to the Project may be consolidated and resolved in one forum. Venue for any litigation shall be the Pierce County Superior Court of the state of Washington.

17. Extent of Agreement

This Agreement represents the entire and integrated understanding between the Port and Consultant and may be amended only by written instrument signed by both the Port and Consultant.



COMPENSATION

The following information details proposed all recurring and non-recurring costs for services proposed. Table 1 details the proposed costs by task. Table 2 shows the blended hourly rates by firm in our proposal. Our hourly rates and quoted costs are:

- Fixed, fully burdened, including, but not limited to, travel, per diem, lodging, administrative overhead and all direct/indirect expenses,
- Quoted in US Dollars,
- Inclusive of sales tax and other government fees, taxes and charges,
- Valid throughout the contract period unless otherwise amended and agreed to by both parties in writing; and
- Assume travel charges to have the trip start and end point to be from within the Seattle/Tacoma region.

Table 1: Summary of proposed fixed, bully burdened costs by task

TASK	TOTAL
1: Internal Engagement	\$77,600
2: Public Engagement	\$64,500
3: Coordination with ongoing planning efforts	\$13,300
4: Situational Assessment	\$66,700
5: Port Financial Capacity/Tax levy	\$16,600
6: Staff Office Location	\$1,600
7: Strategic Options	\$24,900
8: Strategic Plan Reporting	\$26,700
TOTAL	\$291,900

Table 2: Summary of blended hourly rates

Maul Foster & Alongi	\$160
TIP	\$175*
Mercator	\$290*
Carter	\$144**
48 North Solutions	\$170**
BCRA	\$195**
Cogent Environmental	\$185**
University of Washington	\$175

* Includes a 5% markup

** Includes a 15% markup

The information on the following page details MFA's standard Schedule of Charges that will be in place for through the duration of this project.





SCHEDULE OF CHARGES

PERSONNEL CHARGES

Principal	\$170 – 250/hour
Senior	\$130 – 190/hour
Project.....	\$120 – 160/hour
Staff	\$100 – 130/hour
GIS and Data Analyst/Technician	\$100 – 135/hour
CADD Operator	\$80 – 95/hour
Administrative Assistant/Copy Editor	\$80 – 90/hour

Depositions and expert witness testimony, including preparation time, will be charged at 200 percent of the above rates.

Travel time will be charged in accordance with the above rates.

OUTSIDE SERVICES

Charges for outside services, equipment, and facilities not furnished directly by Maul Foster & Alongi, Inc. will be billed at cost plus 10 percent. Such charges may include, but shall not be limited to the following:

Printing and photographic reproduction	Rented equipment
Rented vehicles	Shipping charges
Transportation on public carriers	Meals and lodging
Special fees, permits, insurance, etc.	Consumable materials

SUBCONTRACTORS

Charges for subcontractors will be billed at cost plus 15 percent.

DIRECT CHARGES

Vehicle per mile	\$0.75
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COMPUTER CHARGES

CADD, ArcGIS, Tableau, Alteryx	\$20.00/hour
EQulS, EVS, Modeling Applications	\$30.00/hour

FIELD EQUIPMENT

The rates for field equipment are set forth in the Field Equipment Rate Schedule.

DOCUMENT PRODUCTION

The rates for document production are set forth in the Document Production Rate Schedule.

RATE CHANGES

Schedule of Charges and Standard Equipment Rates are subject to change without notice.

BILLING AND PAYMENT

Invoices will be submitted monthly and shall be due and payable upon receipt. Interest at the rate of one and one-half percent (1.5%) per month, but not exceeding the maximum rate allowable by law, shall be payable on any amounts that are due but unpaid within thirty (30) days from receipt of invoice, payment to be applied first to accrued late payment charges and then to the principal unpaid amount.



Strategic Plan 2012-2022

People. Partnership. Performance.

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Letter to the Community

On behalf of the Commissioners and staff of the Port of Tacoma, we are pleased to present our **Strategic Plan 2012-2022: People. Partnership. Performance.**

This Strategic Plan was developed at a time of great change and challenge for ports. The global recession, shifting markets and structural changes in our industry have all resulted in a marketplace that is more competitive than ever. In response, we have come together as a team to embrace these challenges and use them as an opportunity to position ourselves to operate successfully in our new environment.

Our strategic planning process engaged Port staff, Commissioners, customers, and key stakeholders, including labor, through a comprehensive outreach effort involving interviews, surveys, web-based outreach and public meetings. That input, together with rigorous analysis and thoughtful dialogue, served as the basis for the Plan's development.

The result of our inquiry and assessment is a Strategic Plan that is aspirational yet achievable, and that will guide our decision-making and investments as we navigate the critical years ahead. We expect this Plan to align the Port's efforts so that every aspect of our organization is focused on delivering a prosperous future for the region and our community.

Four Areas of Focus

1. **Make strategic investments** that enhance the Port's infrastructure (waterways, terminals, roads, rail, and industrial properties) and create the most efficient, productive and cost-effective system possible to move our customers' freight to the marketplace.
2. **New Business Opportunities.** Attract new business opportunities with healthy revenues and increase the diversity of the Port's business portfolio.
3. **Customer Care.** Continue to take great care of business relationships with our customers and key stakeholders.
4. **Community Pride.** Grow the Port responsibly to ensure continued community support of our collective future.

Building on our Assets & Strengths

This Plan is designed to amplify and leverage the many factors that differentiate us in the marketplace. These assets include our proximity to the Pacific Rim and Alaska, naturally deep waterways, a superior intermodal rail network, existing terminal infrastructure and adjacent undeveloped land for expansion, and strong community support. These strengths, together with well-managed execution of the strategies in this Plan, will position the Port for growth and success as a highly desirable international logistics hub.

The close working relationships we enjoy with customers, stakeholders and the Pierce County community are a major strength of our Port. We value these partnerships and will continue to invest in them through the strategies in this Plan.

Ensuring Future Success

We are committed to delivering on the promise of this Strategic Plan. The Plan includes corporate performance objectives that are Specific, Measurable, Achievable, Reasonable and Time-bound (SMART) to measure success. To track our progress against our goals and objectives, we have established ten targets to achieve in the next ten years. We will report annually to the Commission about our progress in achieving these targets.

We look forward to working with you for the continued growth and prosperity of our region.

Sincerely,



John Wolfe
CEO

Richard P. Marzano
President, Port of Tacoma
Commission



People. Partnership. Performance.

Mission

Deliver prosperity by connecting customers, cargo and community with the world



Values

Integrity – being ethically unyielding and honest; inspiring trust by saying what we mean and matching our behaviors to our words; acting in the public interest and in a manner to maintain public confidence

Customer Focus – creating long-term relationships by consistently delivering value; helping customers to become high-performance businesses by understanding their business needs; establishing realistic expectations and meeting commitments

Teamwork – focusing on the success of the entire organization; fully utilizing our collective skills, knowledge and experiences to achieve our goals; encouraging diversity, respect and full participation; being effective collaborators with a broad range of partners in the region; having fun together

Courage – facing challenges with fortitude; setting aside fears and standing by personal principles; extending beyond personal comfort zones to achieve goals; taking responsibility for actions

Competitive Spirit – pursuing our goals with energy, drive, and the desire to exceed expectations; going the extra mile for our customers to differentiate ourselves in the market; demonstrating passion and dedication to our mission; constantly improving the quality, timeliness and value of our work

Sustainability – focusing on long-term financial viability; valuing the economic well-being of our neighbors; doing business in ways that improve our environment



10 Targets in 10 Years

- 

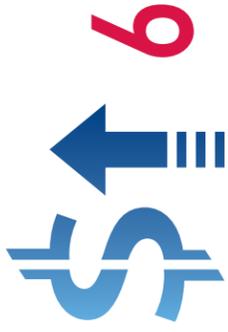
1 Double container volume to 3 million TEU
- 

2 Double dry bulk throughput to 12 million metric tons
- 

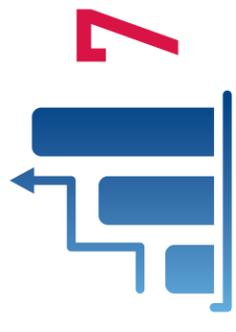
3 Increase breakbulk volume by 30% to 200,000 short tons
- 

4 Increase automobile import volume by 20% to 200,000 units
- 

5 Improve the Port's operating margin by 30%



6 Increase net income by 50%



7 Increase return on assets by 35%



8 Clean up an additional 200 acres of port-owned, contaminated property to industrial standards



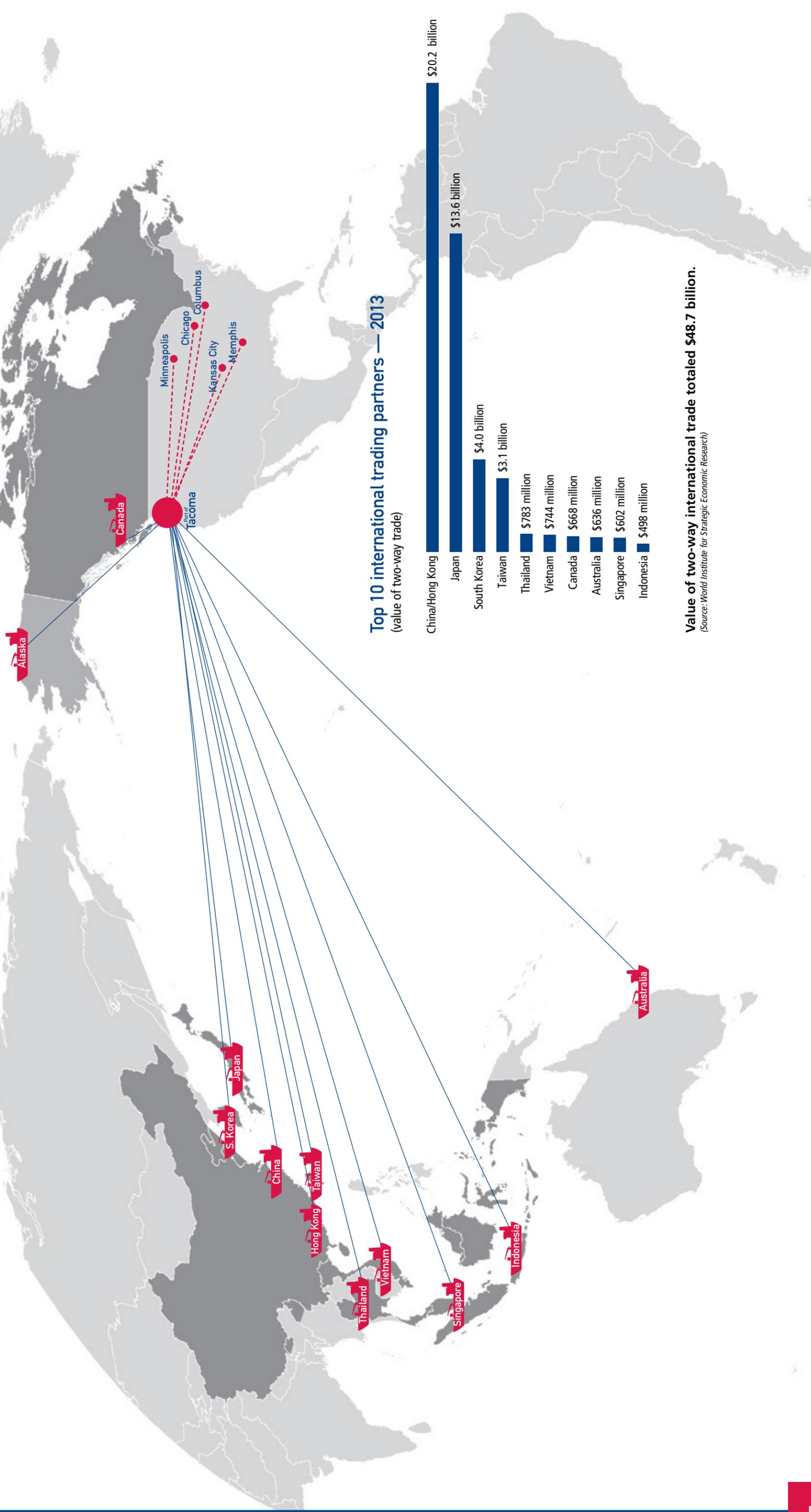
9 Reduce diesel pollutants attributed to cargo operations by 85% from 2005 baseline



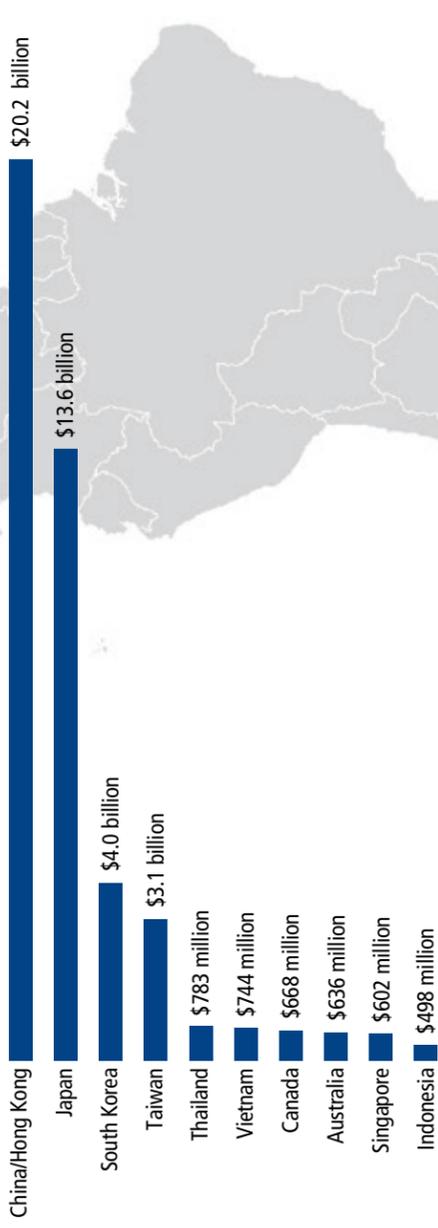
10 Increase port-related direct jobs by 4,700 and port-related indirect jobs by 2,000

Top 10 International Trading Partners

The Port's annual trade with Alaska is estimated at \$3 billion. If ranked with our international trading partners, Alaska would be fifth.



Top 10 international trading partners — 2013 (value of two-way trade)



Value of two-way international trade totaled \$48.7 billion.
(Source: World Institute for Strategic Economic Research)

Summary of Goals

Goal 1

Enhance the Port's Competitive Position

Goal 2

Provide Reliable & Efficient Regional & Local Infrastructure Connections

Goal 3

Improve the Port's Financial Position

Goal 4

Increase Organizational Capabilities

Goal 5

Advance Environmental Stewardship

Goal 6

Strengthen the Port's Community Connections





1

Enhance the Port's Competitive Position

The struggling global economy has created a fiercely competitive climate for ports. Those offering modernized terminal facilities and equipment capable of handling larger vessels in the trade, along with efficient and cost effective connections to rail and truck distribution, and excellent customer service are more likely to stay competitive. The Port possesses several competitive advantages, including naturally deep waterways, available land for expansion and on-dock rail. Over the next 10 years, the Port will invest approximately \$500 million to improve existing property, buildings and infrastructure. These investments should in turn generate an

additional \$1.5 to \$2.5 billion in public and private investments in terminal, road, and rail infrastructure. Together these investments will improve return on assets and increase efficiency of cargo movement in and out of the Port.

A major focus of this goal is to grow our business in two ways. First, is to attract more business through existing facilities in an effort to double container volume to 3 million TEU in the next 10 years. The second is to redevelop the General Central Peninsula container complex to efficiently serve the larger, trans-Pacific ships that will come to call in the future.

About the Port

Active in both international and domestic trade, the Port of Tacoma is a major center for containers, bulk, breakbulk, automobiles, and military cargo. The Port has a healthy balance of trade between imports and exports.

The Port holds about 2,400 acres of land on the Tacoma Tidelands and has a naturally deep-water harbor (the average depth is 155 meters). Home to six container terminals, on-dock rail yards, cargo-handling equipment, and industrial property, the Port handles goods on their way to major consumer markets across the country, including New York, Chicago and Memphis.

Five publicly elected commissioners govern the Port district, which encompasses all of Pierce County.

A. Improve Port Business Assets to Meet Market Demand

- 1 Redevelop the General Central Peninsula and other terminal complexes to increase container throughput and respond to container industry changes
- 2 Develop and implement a Strategic Asset Management Program
- 3 Facilitate collaboration between South Blair terminals to increase container throughput and respond to container industry changes

B. Improve Efficiency and Cost Competitiveness of the Supply Chain

- 1 Improve the efficiency of the Tidelands rail system
- 2 Facilitate development of strategic projects with the mainline railroads in collaboration with relevant federal and state government agencies, public ports and other stakeholders
- 3 Work in partnership with ILWU and terminal operators to identify efficiency opportunities that safely increase productivity and improve the Port's service delivery and competitiveness
- 4 Work with the Puget Sound Pilots Association, the Pacific Merchant Shipping Association and the Washington State Pilotage Commission to promote safe, reliable and cost-competitive pilotage services
- 5 Establish a dynamic, responsive "state of the art" Operations Service Center emphasizing collaborative planning, information delivery and communication tools to deliver "best in class" service delivery for all Port users

C. Advance the Port's Market Position in the International Shipping Industry

- 1 Formalize a comprehensive Signature Customer Care Program
- 2 Adapt marketing strategies in response to industry trends
- 3 Enhance coordination with the Puyallup Tribe and other trade and economic development organizations to facilitate new business transactions
- 4 Pursue legislative actions that reform the Harbor Maintenance Tax



2 Provide Reliable & Efficient Regional & Local Infrastructure Connections

Time is money, and shipping lines and other Port customers want to get their cargo to the final destination as quickly as possible with no surprises. The Port is committed to ensuring each point of connection, whether by rail or road, is seamless and efficient.

The Port's industrial location is well-situated for continued growth. The Port will continue to work in close partnership with neighboring jurisdictions on local land use plans and coordination of road, rail and waterway systems. We will collaborate with other funders and partners, including local cities and the Puyallup Tribe, to improve the Tideflats road network with additional regional road capacity and enhanced ease of movement on and off adjacent Interstate 5. This collaboration will extend regionally and nationally in recognition of the interconnections involved in logistics and the supply chain.



Tacoma, Gateway to Alaska

Twice each week, Horizon Lines and Totem Ocean Trailer Express (TOTE) sail between Tacoma and Anchorage, Alaska delivering food, clothing, building materials, vehicles, medicine, and other essentials. Nearly 80% of all trade between Alaska and the lower 48 states moves through Tacoma facilities.

Timing is critical with these deliveries as the tides in Alaska's Cook Inlet are some of the most extreme in the world. Longshore workers must get the cargo on and off the ships quickly so that they can arrive and depart to accommodate the tides.

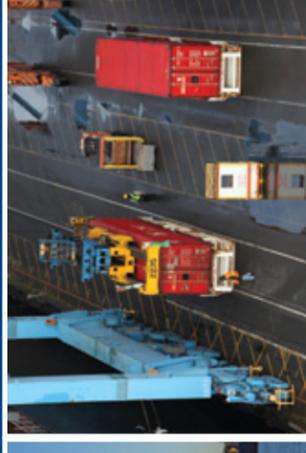
The Port's annual trade with Alaska is estimated at \$3 billion. If it was ranked among our international trading partners, Alaska would be fourth.

A. Enhance Public Infrastructure

- 1 Provide regional leadership in securing the funds needed to complete SR 167
- 2 In partnership with affected parties, improve the condition and operation of Port of Tacoma Road to handle increased traffic volume

B. Improve the Port's Infrastructure

- 1 Develop a long-range Port land use and transportation plan to support the Port's future business growth
- 2 Design and develop appropriate rail support infrastructure in advance of Tideflats rail growth





3 Improve the Port's Financial Position

As with any business, a strong financial foundation is essential to continued investment and growth. To improve financial performance now and in the future, this goal focuses on fiscal responsibility and diversification. The Port is focused on growing revenue and managing debt service and other expenses to ensure that they remain balanced with income. To generate the revenue for the Port's job-creating investment plans, the Port will focus its efforts over the next 10 years to raise overall profitability by 50%, increase the return on investments in the Port's assets by 35%, and fund these investments while lowering debt obligations by nearly 30%.

While container cargo accounts for about 73% of revenue, other cargo types are a significant source of port-related jobs, and provide a sustainable source of revenue. The Port plans to diversify its current portfolio of non-container business by working with a private partner to develop new bulk cargo terminal on the Blair Waterway, bringing a formerly contaminated site back into productive use.

The Port has tremendous economic impact in the region and beyond; with financial sustainability the Port can continue to foster prosperity and create jobs.



Warehousing & Distribution

A wide array of distribution centers and warehouses – both cold and dry – are clustered near the Port of Tacoma's terminals. Providing storage for equipment, seafood, agriculture, and food manufacturing, many of these facilities are inside the Port's Foreign Trade Zone (FTZ) #86, the third largest FTZ of the 35 on the U.S. West Coast.

The FTZ enables customers to ship, store and add value to goods while delaying, reducing or, in some cases, eliminating U.S. Customs duties.

A. Increase Revenue Through Growth and Diversification

- 1 Facilitate creation of new bulk business
- 2 Facilitate business opportunities that increase cargo volumes, increase utilization of port assets, and achieve targeted rates of return
- 3 Develop a comprehensive business strategy to support the Port's Alaska business

B. Improve Port Position of Asset Value to Level of Debt

- 1 Update debt management plan

C. Manage Expenses Consistent with Changes in Revenue

- 1 Adjust Port's business and operating models to increase profit
- 2 Implement programs to minimize the impact of cost increases associated with health care





4 Increase Organizational Capabilities

Port customers and the community experience the Port through interactions with its employees. People make the difference; a responsive, knowledgeable and high-performing workforce benefits both the Port and its stakeholders. Ensuring that employees have the needed support, whether training or systems, is critical to delivering on the business initiatives outlined in this Plan.

With this comes clear roles and responsibilities, analytically-based decision-making and integrated processes and tools that efficiently serve customers, staff and the community and increase ownership and pride in the Port. We also will harness the enthusiasm and extra-mile service orientation of employees to streamline processes and find ways to deliver more, better, faster.

A. Enhance Employee Engagement

- 1 Strengthen the Port's performance management system to support employee growth
- 2 Develop and implement comprehensive Port training program that aligns individual training with Port objectives and employee development
- 3 Improve communication of information within the Port
- 4 Reduce work-related injuries

B. Improve Efficiency and Reliability of Internal Processes to Increase Value for our Customers and Staff

- 1 Standardize analysis and decision-making tools for the Port
- 2 Identify, document and implement improvements to the process and tools that support procurement of goods and services, receipt, invoicing, payment and reporting activities
- 3 Standardize and implement an electronic record storage and retrieval structure that optimizes the use of electronic records





5 Advance Environmental Stewardship

Increasingly, ports are being asked to partner on regional environmental challenges and demonstrate that they are protecting the environment through energy choices, clean air and water strategies, and remediation of contaminated properties. The Port has made significant investments in the clean-up of Puget Sound, restoring more about 100 acres of habitat for fish and other wildlife and preserving about 70 acres of open space.

Over the next 10 years, the Port will invest more than \$60 million to protect Commencement Bay and its waterways by restoring critical fish and wildlife habitat, improving air quality, and cleaning up past contamination to benefit future generations. We plan to reduce diesel particulates attributed to Port of Tacoma operations by 85% and clean up an additional 200 acres of Port-owned property. Environmental remediation of individual land parcels will lay the groundwork for a faster development permitting process down the road.

A. Identify and Address Environmental Issues in Advance of Planned Development

- 1 Implement cleanup actions on priority contaminated properties to support the Port's business opportunities
- 2 Implement a habitat mitigation plan

B. Partner to Find Innovative Solutions to Our Customers' Environmental Challenges

- 1 Identify and develop maritime industrial stormwater treatment best management practices
- 2 Develop a maritime industrial-focused Environmental Stewardship Sustainability Program

C. Continuously Improve Operational Efficiency and Emission Reductions

- 1 Continue to implement the Northwest Ports Clean Air Strategy
- 2 Transition to the new generation of efficient systems to save energy costs and promote cost effective, renewable energy use





Strengthen the Port's Community Connections

From neighboring municipalities, to the Puyallup Tribe, Joint Base Lewis-McChord, to local businesses and residents, the Port is stronger because of its many relationships. In times of limited financial and human resources, it makes sense to collaborate on Pierce County's economic priorities to ensure efforts are not duplicated and provide reinforcement where it can make a difference.

Port leaders will continue to meet regularly with neighboring communities to align development

and infrastructure plans and discuss ways in which partnerships could facilitate economic development. Through its Corporate Social Responsibility program, the Port is becoming more intentional about how it engages with the broader community. Through sponsorships, partnerships, tours and other community events, school programs, civic presentations and social media outlets, the Port connects with the community in multiple ways.

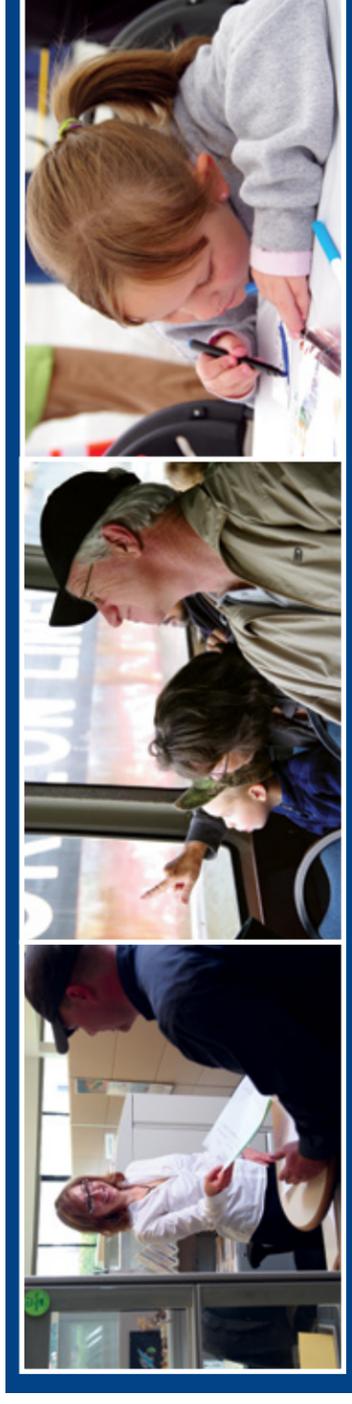


A. Target the Port's Outreach Efforts to Maintain and Build Community Support

- 1 Strengthen relationships with civic and elected leaders in communities affected by the Port's activities
- 2 Increase the public's understanding about the Port and its work
- 3 Execute a Corporate Social Responsibility (CSR) Program

B. Promote and Advance Regional Economic Development Priorities through Strategic Partnerships

- 1 Deepen relationships with local and state-wide economic development partners
- 2 Update and convey data demonstrating the economic value of ports to our local and state economy





Port of Tacoma Commission

Connie Bacon

Don Johnson

Richard Marzano

Don Meyer

Clare Petrich



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STRATEGIC PLAN
Commission Kick-Off Meeting
March 19, 2020



TODAY'S AGENDA

- The Planning Team
- The Overall Project Timeline
- Key Questions and a Successful Outcome
- Architecture of Strategic Planning
- Part 1: Next Steps
- Guiding Principles for this Effort

*"A vision without a strategy
remains an illusion."
-Lee Bolman*



THE PLANNING TEAM

Core team:

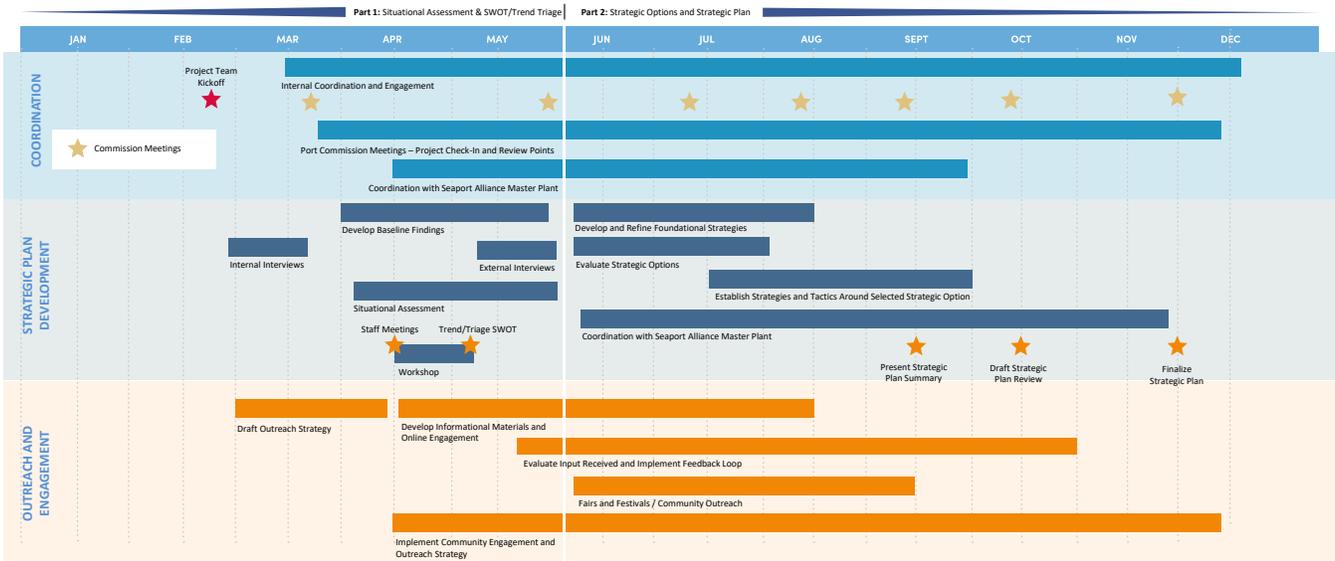
- Jim Darling: Principal (MFA)
- Matt Hoffman: Project Manager (MFA)
- Charla Skaggs: Communications (MFA)
- Jeff Marcell (TIPs)

Technical Advisory Panel:

- Steve Rothberg (Cargo)
- John Carter (Finance)
- Janice Gedlund (Air Quality)
- Cam Fisher (Habitat)
- Jason Vogel (Climate Impacts)
- Christine Phillips (Parks/Recreations)
- Jim Maul (Brownfields/Environmental)
- Neil Alongi (Stormwater)



STRATEGIC PLAN TIMELINE





PART 1: NEXT STEPS



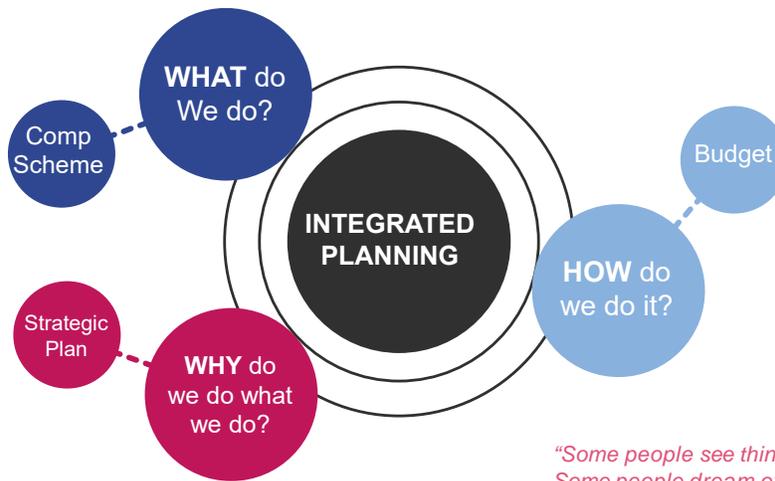


PORT OF TACOMA: SUCCESSFUL OUTCOME

Strategic planning for public ports is...
...developing true **alignment** on multi-year priorities
and effectively **embrace** them...
... to **link the present to the future.**

*"Building a visionary company [or Port]
requires one percent vision and 99
percent alignment."
—Jim Collins*

ARCHITECTURE OF STRATEGIC PLANNING



*"Some people see things that are and ask, Why?
Some people dream of things that never were and
ask, Why not? Some people have to go to work
and don't have time for all that."
– George Carlin*

THE TERMS OF STRATEGIC PLANNING

Mission:

Describes **WHY** the Port exists, its unique role in the community it serves.

Values:

Defines **HOW** the Port will undertake its work.

Goals:

Are **WHAT** a Port will achieve, they are measurable destinations to be reached in a desired timeframe with dedicated resources. They can be internal or external...brick and mortar or programmatic.

Strategies:

Define a route to a goal.

Tactics:

Are specific actions that support a strategy.



"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat."

-Sun Tzu



ARCHITECTURE OF STRATEGIC PLANNING



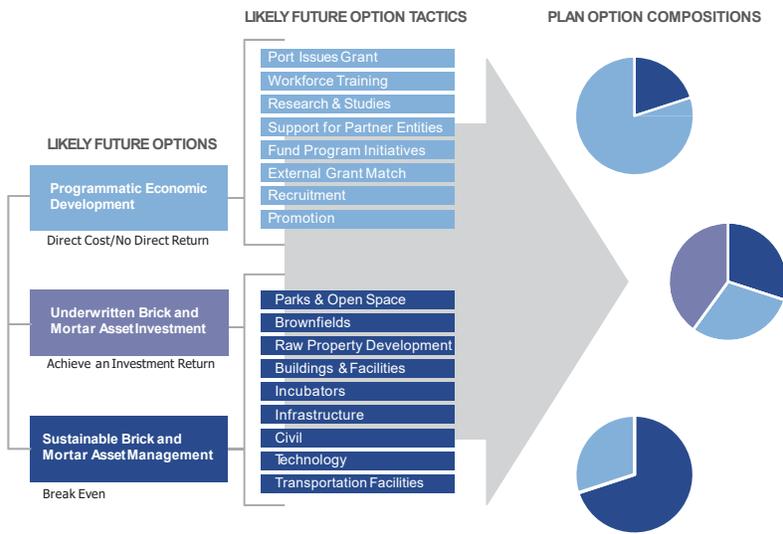
STRATEGIC THINKING



Strategic management is not a box of tricks or a bundle of techniques. It is analytical thinking and commitment of resources to action. But quantification alone is not planning. Some of the most important issues in strategic management cannot be quantified at all.”
-Peter Drucker



STRATEGIC PLAN OPTIONS FRAMEWORK





STRATEGIC PLANNING TOOL



- First consider the **WHY**, then the **WHAT** and **HOW**
- Provide the community and stakeholders with real content to which they can respond
- Appreciate that there will be 'trade-offs' in what the Port can accomplish
- Leave wordsmithing to later in the process

*"Strategy without process is
little more than a wish list."
-Robert Filek*