

# COMMISSION AGENDA

Item No: 6A

Meeting: 5/21/20

**DATE:** May 6, 2020

**TO:** Port Commission

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

**SUBJECT:** Port of Tacoma Strategic Plan Update

## A. BRIEFING

Jim Darling and Matt Hoffman from Maul Foster Alongi (MFA) will provide an update on the development of the Port of Tacoma's Strategic Plan.

**No action is requested.**

## B. SYNOPSIS

Since our March update to the Commission, the strategic plan project team has conducted three employee virtual workshops, with attendance of more than 70 employees and all of the Commissioners. In addition, employees were encouraged to take an online strategic planning survey. A total of 102 employees completed the survey.

During the month of May, the strategic plan project team will be conducting individual interviews with key business, labor, and community leaders, as well as elected officials around Pierce County to gather additional information. In these interviews, the project team is working to get insights about the Port of Tacoma's strengths and challenges. In addition, those being interviewed are being asked to share the ideas and suggestions about what projects and priorities the Port of Tacoma should focus on in the years ahead to help successfully shape the future of our Pierce County region.

## C. ATTACHMENT

MFA Updated Approach dated 4-22-2020

## D. NEXT STEPS

At the June 18, 2020 Commission meeting, the consultant will provide a summary of findings (compiled from workshops, individual interviews, and data research) and will conduct a work session focusing on key goal areas.



## MEMORANDUM

To: Eric Johnson, Port of Tacoma Date: April 22, 2020  
From: Jim Darling, MFA Project No.: 0615.02.02  
CC: Matt Hoffman, MFA  
Charla Skaggs, MFA  
Deirdre Wilson, Port of Tacoma  
RE: Strategic Plan Revised Approach

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Maul Foster Alongi (MFA) has been successful in developing strategic organizational alignment for its port clients that need focused and purposeful facilitated interactions. Since initiating our contract to develop a strategic plan for the Port of Tacoma (Port) there have been significant unanticipated global, national, and regional developments that have dramatically affected our approach.

To date, with Commission support and Port staff flexibility, we have collectively been able to move the project forward during this time of physical distancing and uncertainty. In doing so, we have carefully complied with state restrictions on meetings to meet physical distancing requirements such as using interactive digital platforms (e.g. Microsoft Teams, Mentimeter, and SurveyMonkey). This period from project initiation through early April 2020 has allowed us to collect valuable input from the staff and commission; better understand Port finances; identify key stakeholders throughout the community; assess current economic development activities; analyze Port administrative office needs; and begin to formulate key issues and challenges facing the Port.

The Port's strategic plan will be foundational to guiding the organization forward as its relationship to the NWSA continues to evolve and it recalibrates its approach to the needs of the greater community.

To be successful in achieving alignment on the Port's future strategic direction it is critical for the Commission and senior staff to hold in person discussions on strategic issues. Fortunately, there may be some relief from physical distancing restrictions during the 2020 summer months (July-August) that would provide a window of opportunity to safely have in person discussions.

To that end, we are proposing a reboot of our approach to accommodate distancing restrictions; remain flexible in moving forward; create opportunities for in person discussions; and complete the strategic plan for the Port by the end of the 2020 calendar year. Please find attached an updated project Gantt chart that illustrates the revised approach, including scenarios for both in-person sessions and

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virtual sessions this Summer (July-August), pending further guidance, and project approach flexibility in the Fall 2020.

The following sections frame why an updated approach is necessary and highlights the adjustments being proposed.

## **WHY SHOULD THE APPROACH BE RE-BOOTED?**

- Current physical distancing restrictions prevent face-to-face discussions with the Commission and staff concerning the future of the Port of Tacoma and the community it serves.
- These restrictions and related COVID-19 impacts necessitate the need to clarify expectations about the outcome of the plan, what the Commission and staff are expecting as a successful outcome.
- The current impacts of the pandemic will have a significant effect on the local economy and the market and economic strategy of the NWSA. Developing the Port's strategic plan on the proposed schedule will afford the Port the ability to proactively explore and define its long-term role in community economic recovery.

## **HOW DOES THE TIMING OF OTHER STRATEGIC PLANNING PROCESS IMPACT THE PORT'S STRATEGIC PLAN?**

- Three other key initiatives (the NWSA Gateway Improvement Plan; the Port's hazardous mitigation plan; and the multi-jurisdictional Tacoma Tide Flats Subarea Plan) have been paused for now.
- It would be invaluable for the Port, within the context of limited resources, to have a sense of its future preferred direction independent of the outcomes of these three efforts. An adopted Strategic Plan will allow the Port to respond to other planning efforts with its own priorities and initiatives clearly delineated, while offering partner agencies a clearer understanding of the Port's role as an economic engine for the entire county.

## **WHAT IS DIFFERENT IN THIS REBOOTED APPROACH?**

Spring 2020 (April-June)

*--Physical distancing period--*

- Gather more robust input thorough both internal and external individual interviews as well as an increase in virtual meetings with community leaders through identified community focus groups.
- Complete ongoing analysis undertaken by the MFA Team including the financial review, Port administrative office alternatives, and an industrial market assessment.
- Draft a report that summarizes findings from interviews, meetings, and ongoing analysis. This information will inform the Commission level discussion on Strategic Plan goal areas.

MFA will report out the results to the Commission at appropriate milestones, with the first briefing scheduled for May 21<sup>st</sup>. Subsequent sessions will be scheduled in the Spring and Summer as the findings evolve.

- Focus the bi-weekly project team meetings over Teams to review progress including findings as they are developed.
- Craft and circulate a draft strategic direction that captures possible goal areas; goal and strategy options; revised mission statement and initial values in advance of the in-person Commission/staff meetings in Summer 2020.
- Proactively engage with the general community and community leaders through online channels. Routinely organize and report out the input received to the Commission and staff.
- Begin to consider and review strategic plan format and organization to inform Commission and staff expectations.

#### Summer 2020 (July-August)

*--In person or virtual workshops, pending guidance--*

- Schedule two Commission/staff workshops to review progress to date. Specific topics and dates to be identified in advance.
- Conduct two project team workshops during this period.
- Facilitate a rescheduled abbreviated SWOT workshop with community attendees; Port staff and technical Advisory Panel members to explore trends and threats; review “findings”; and identify opportunities.
- Finalize strategic plan format and develop a draft strategic plan deliverable for further internal and external review.
- Maintain proactive outreach to the general community and community leaders through online channels. Routinely organize and report out input received.

#### Fall 2020 (September-December)

*--Flex period to accommodate uncertainty regarding physical distancing--*

- Initiate additional outreach to the overall community as well as regular updates to the community stakeholders engaged in the Spring 2020 period.
- Organize public and stakeholder input on the draft strategic plan for Commission/staff consideration.
- Develop the draft and final action plan to accompany the strategic plan with the project team for review by the Commission.
- Finalize the strategic plan as a designed document deliverable for Commission consideration and approval.





# **Port of Tacoma Strategic Plan**

## **Commission Update**

***May 21, 2020***



# AGENDA

- Progress To Date
- Initial Findings
- Rebooted Plan Approach



# Port of Tacoma Strategic Plan

*Progress to Date*





## Review of Previous Plans

1. 2012-2022 Strategic Plan
2. 2017 Port of Tacoma Comprehensive Scheme of Harbor Improvements
3. Previous Port Strategic Plan Efforts & Background Material
4. 2020 Port of Tacoma Budget
5. 2020 Port of Tacoma Goals and Expectations
6. 1999 Port of Tacoma Vision Statement
7. Northwest Seaport Alliance Charter & Amendments
8. NWSA License for Management of Property
9. Tacoma-Seattle ILA Regarding Creating NWSA
10. NWSA Business Plan(s)
11. 2016 Ten Year Road and Rail Study
12. 2019 Marine Cargo Economic Impact Analysis
13. 2017 WPPA Economic Impact Study
14. 2019 City of Tacoma Economic Development Plan
15. 2013 Shoreline Access Agreement





# PROGRESS TO DATE

## Engagement

Activity	Update	Status
Staff workshops	Conducted three virtual workshops that engaged 70 Port employees	Completed
Staff survey	Open for two-weeks and 102 staff participated	Completed
Interviews	19 Commission and staff, 10 community leaders and economic development entities to date	Ongoing
Communications Plan	Coordinating with Port communications staff	Ongoing
Port website	Updated Strategic Plan landing page	Ongoing

## Situational Assessment

Assessment	Update	Status
Financial	Baseline assessment completed	Ongoing
Port Headquarters	Reviewed and evaluated previous relocation planning assessments	Ongoing
County-wide Industrial Lands	Data collection completed	Ongoing
Economic Development	Data collection completed to inform gap assessment	Ongoing



# Port of Tacoma Strategic Plan

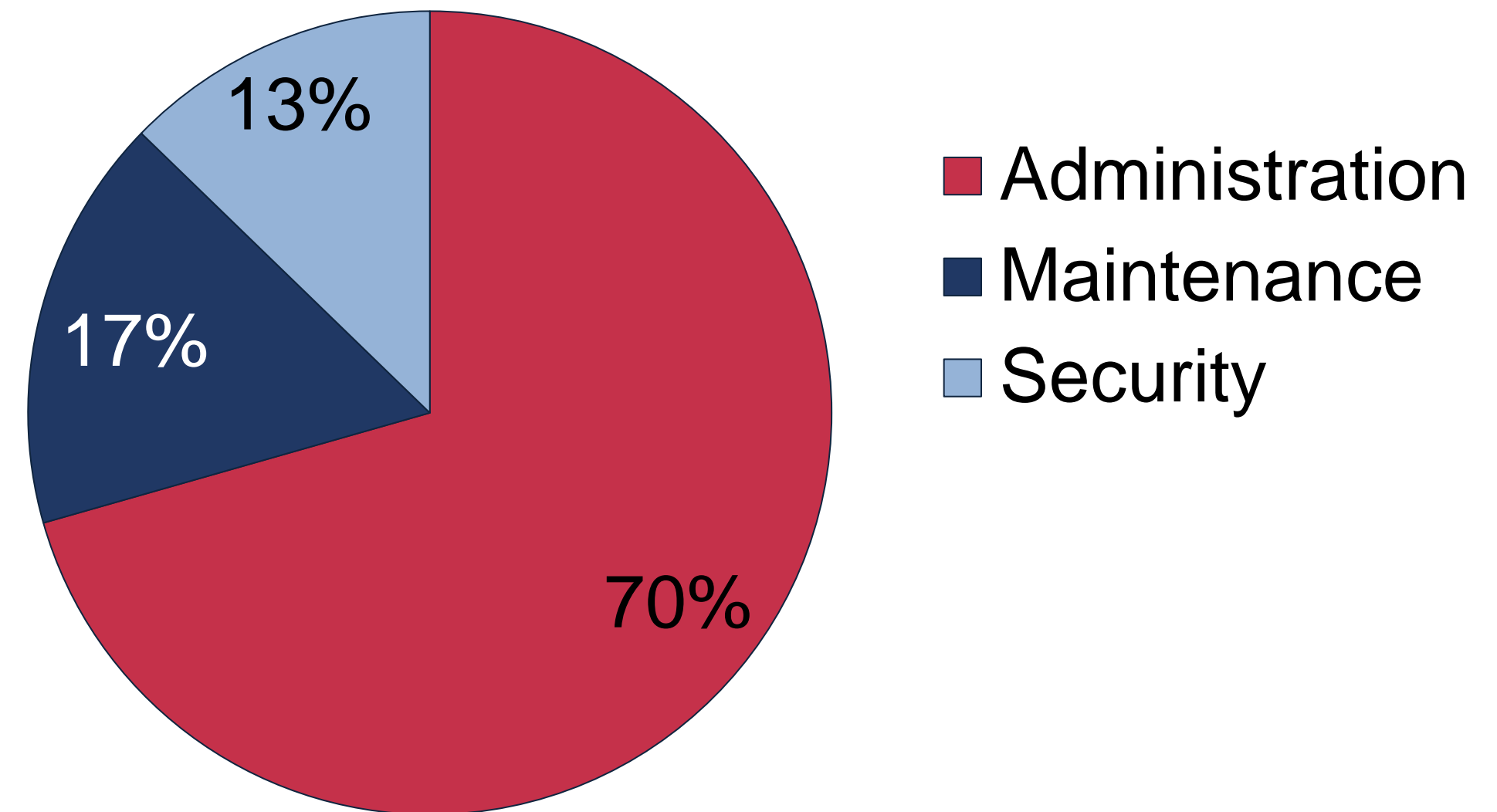
## *Initial Findings*





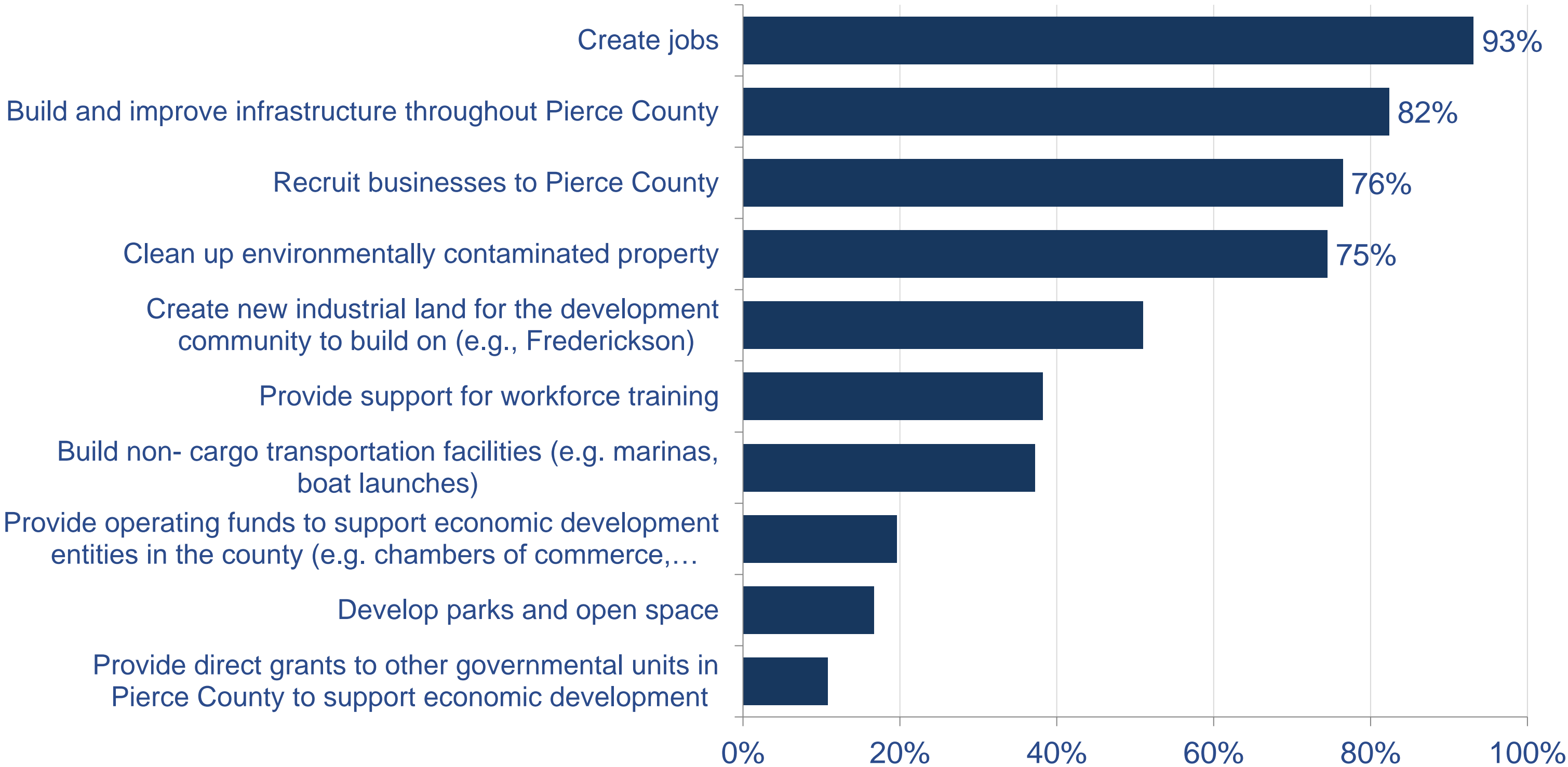
## Who took the survey?

- 102 Port of Tacoma staff



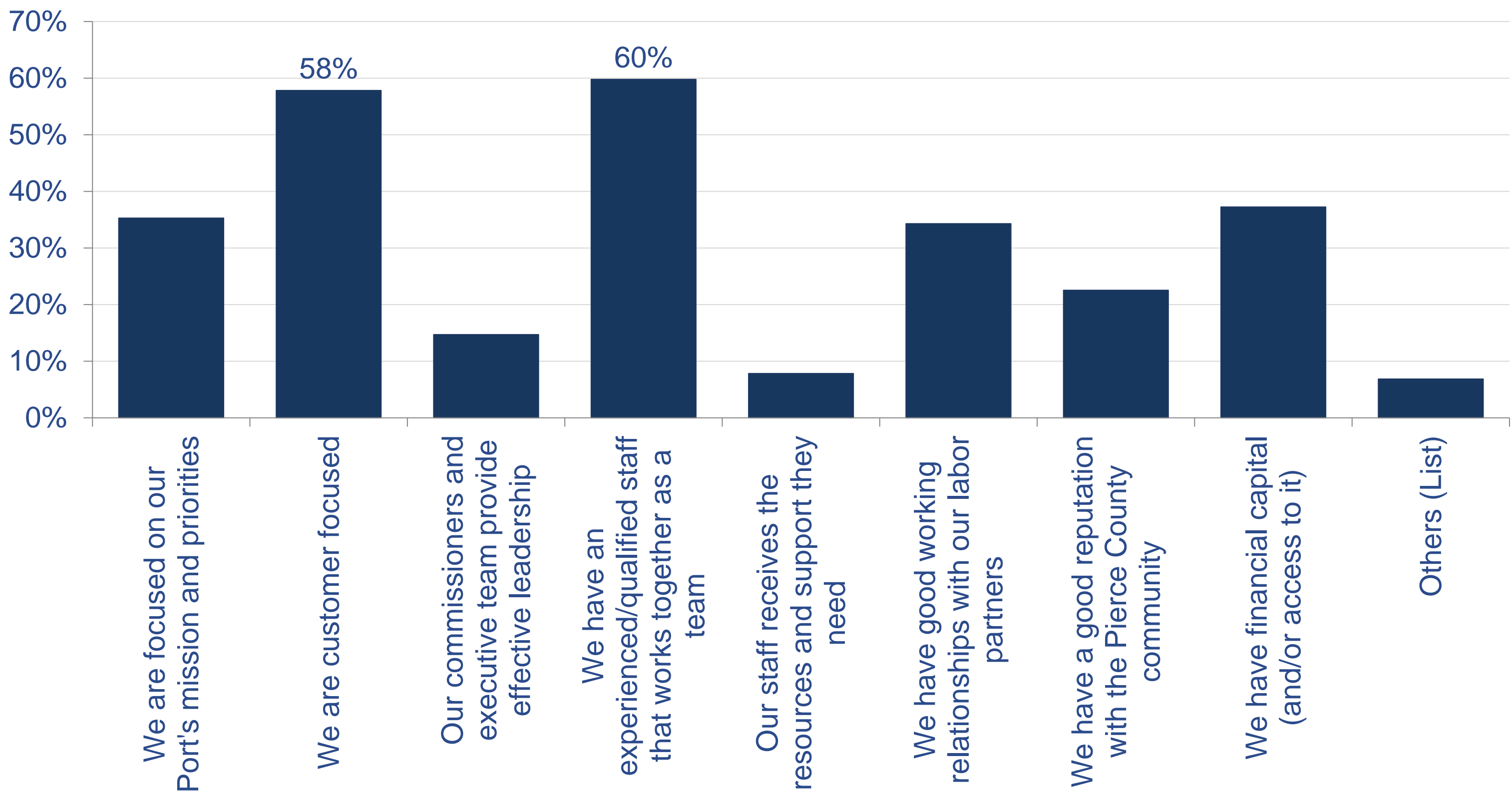


# Port's Future Role in Community



- *Create jobs*
- *Build and improving infrastructure throughout Pierce County*
- *Recruit business to Pierce County*
- *Clean up environmentally contaminated property*

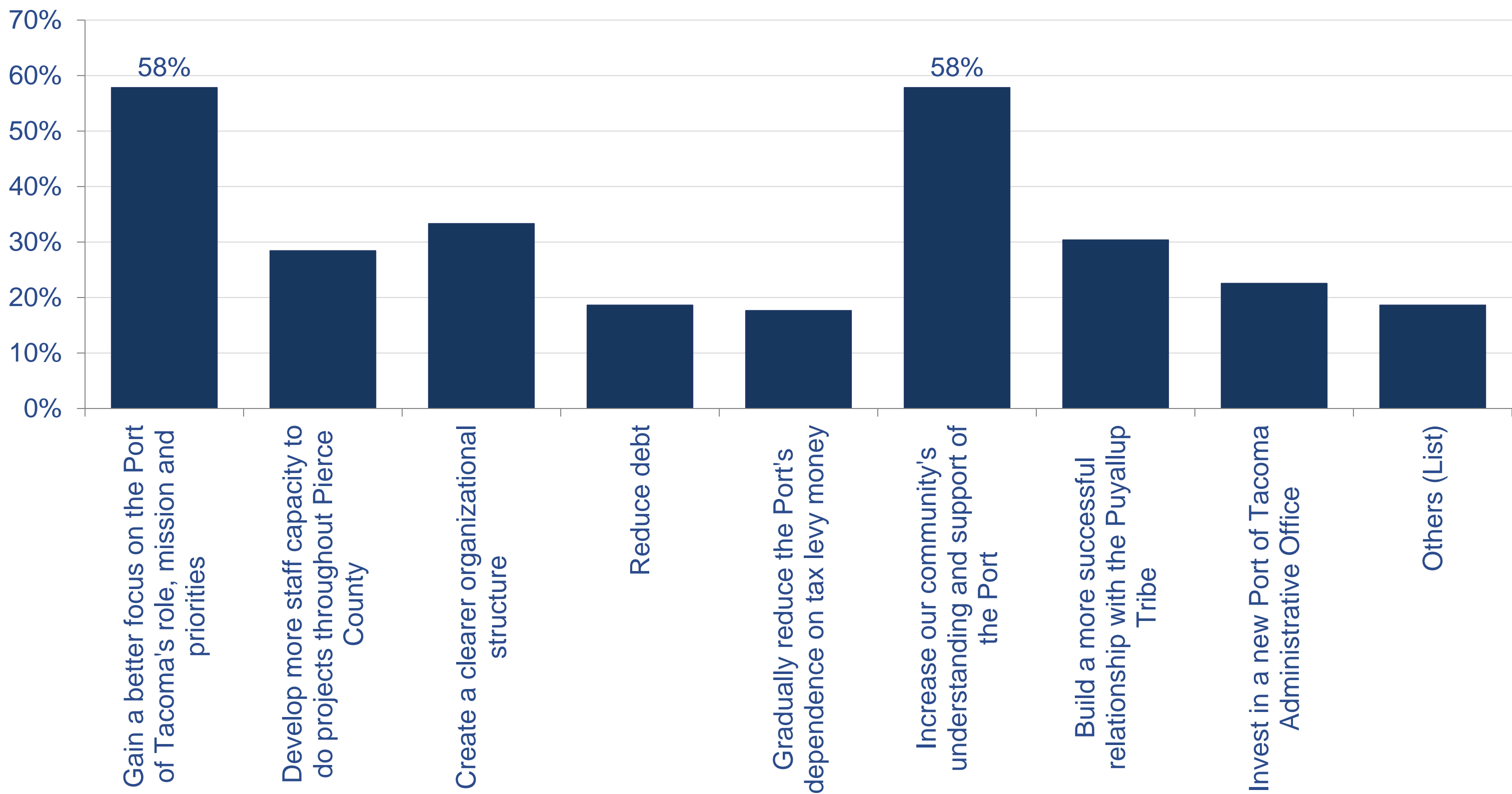
## Strengths of the Port



- *Experienced/qualified staff that works together as a team*
- *Customer focus*

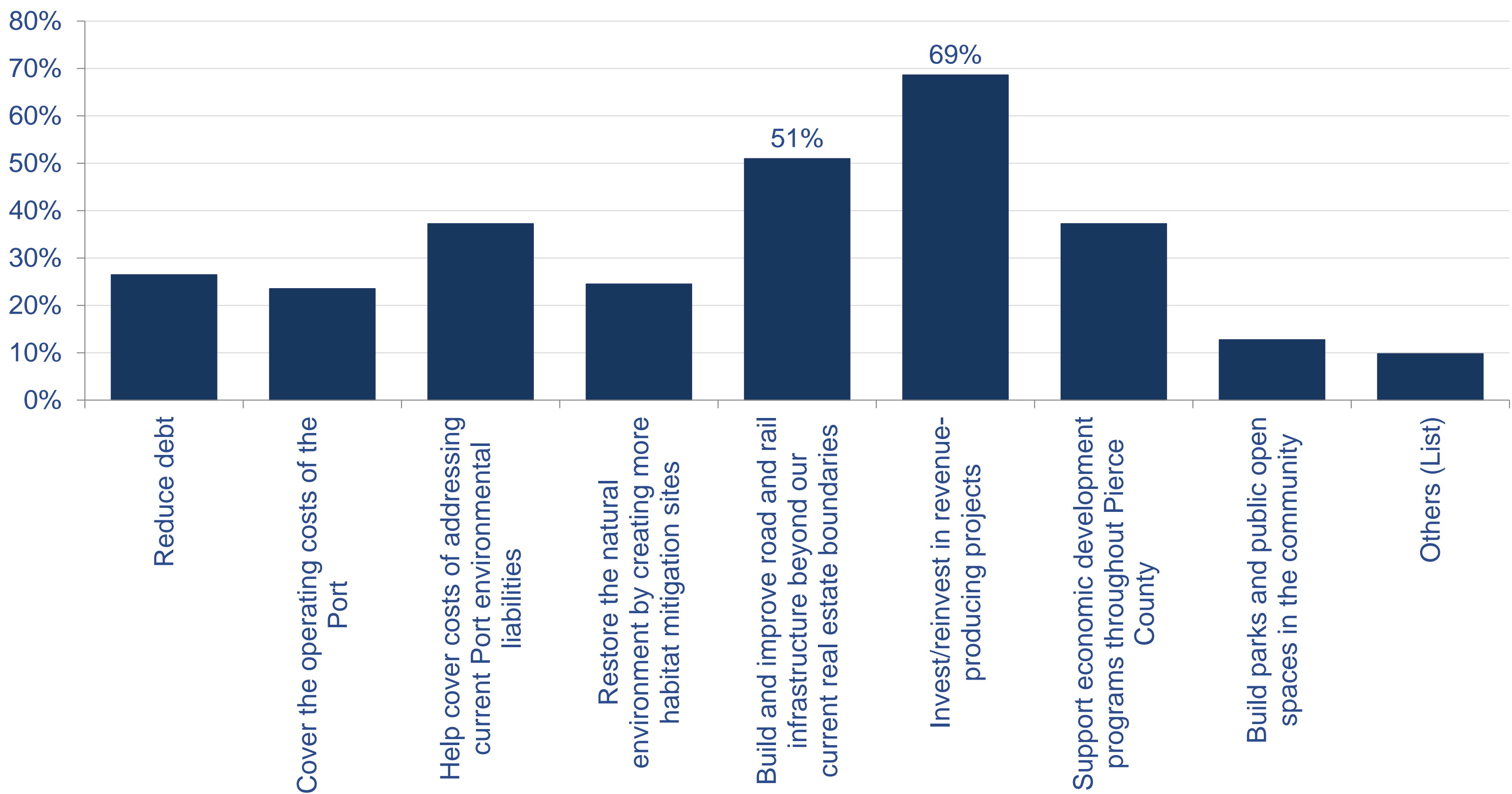


## Important to Future Success



- *Gain a better focus on the its role, mission and priorities*
- *Increase our community's understanding and support of the Port.*

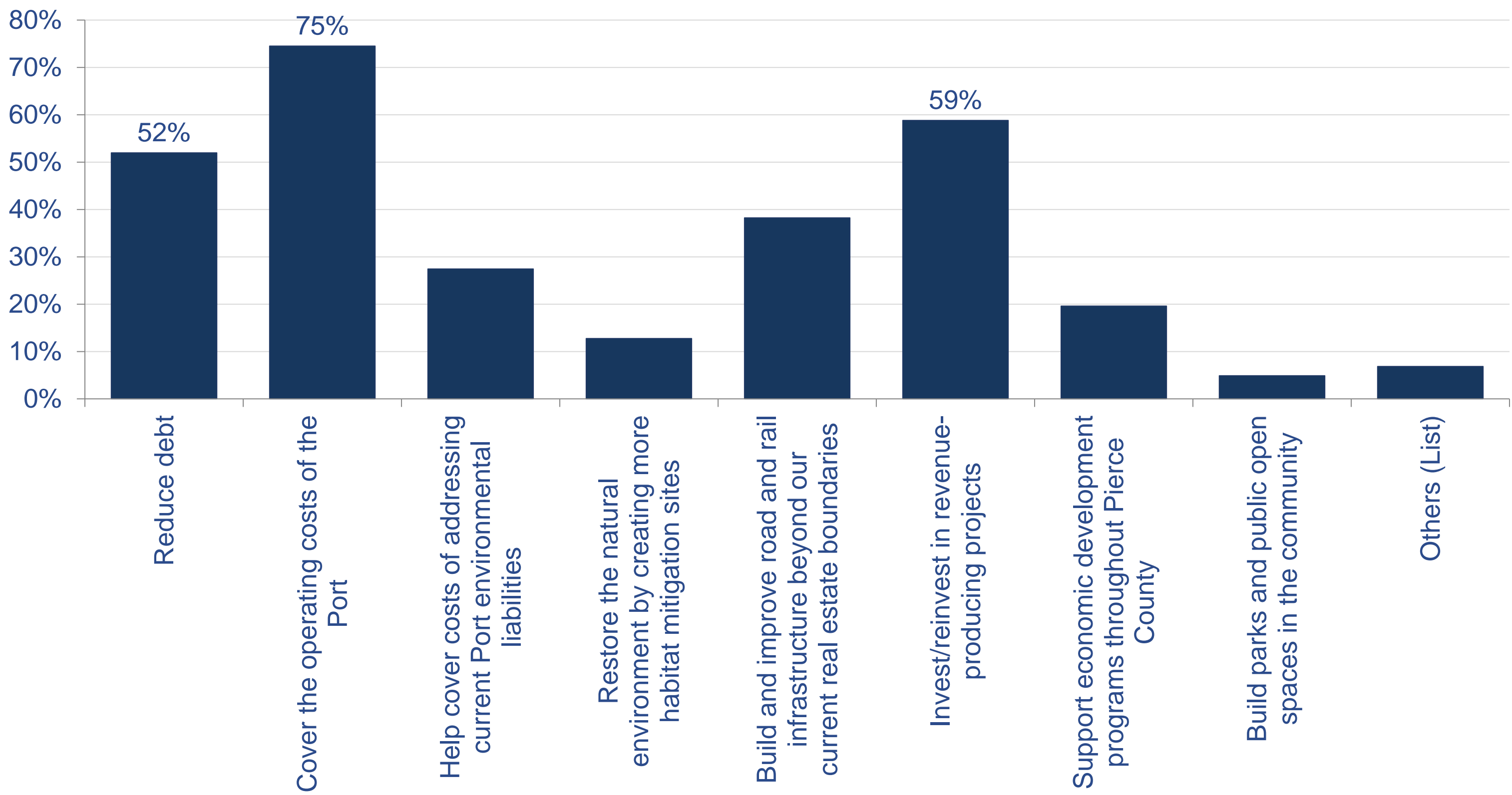
## Use of Port Property Taxes



- *Invest and re-invest in revenue producing projects*
- *Build and improve road and rail infrastructure beyond current real estate boundaries*

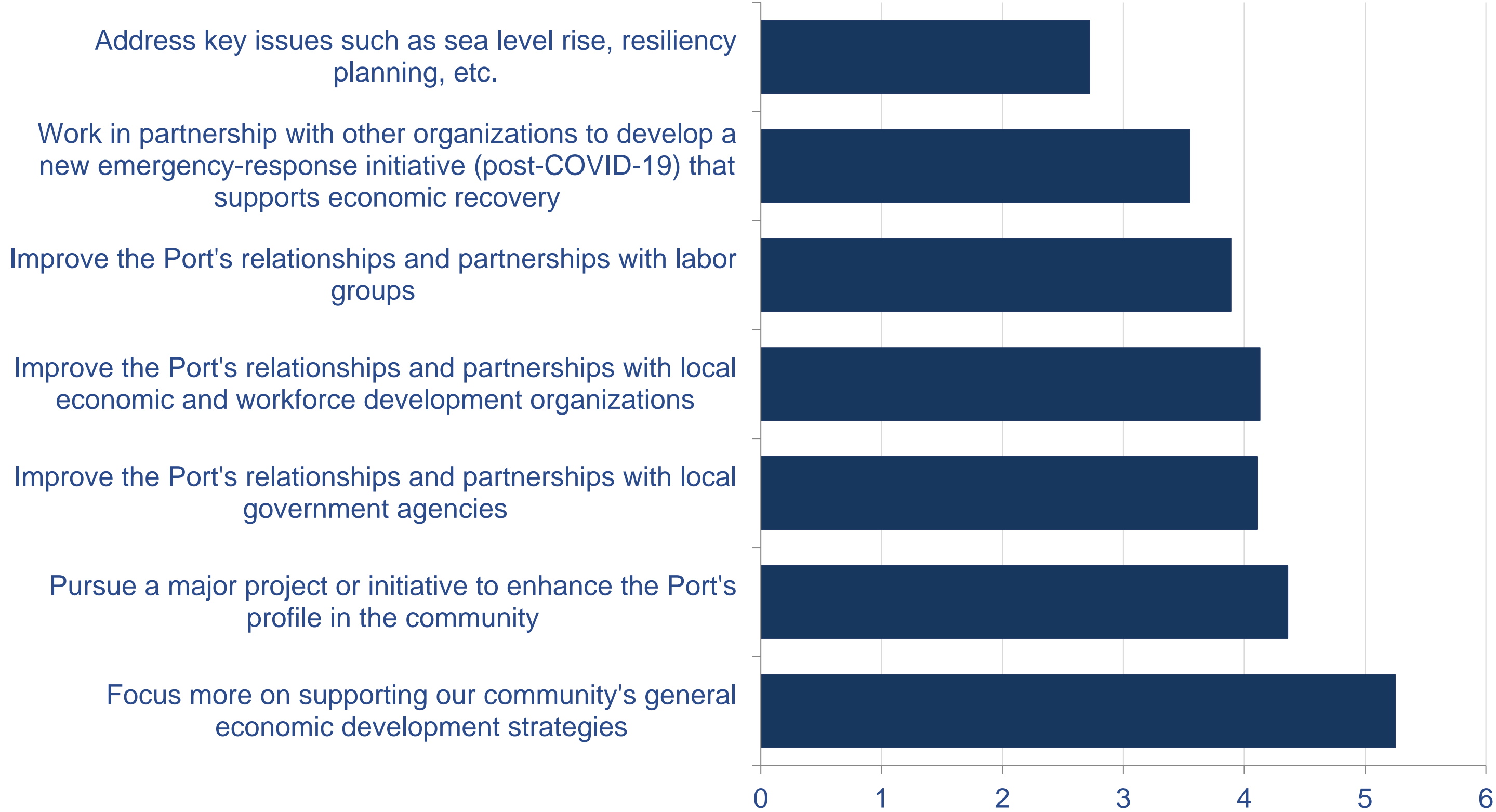


## Use of Earned Revenues



- *Operating costs of the Port*
- *Invest and re-invest in revenue producing projects*
- *Reduce **Debt***

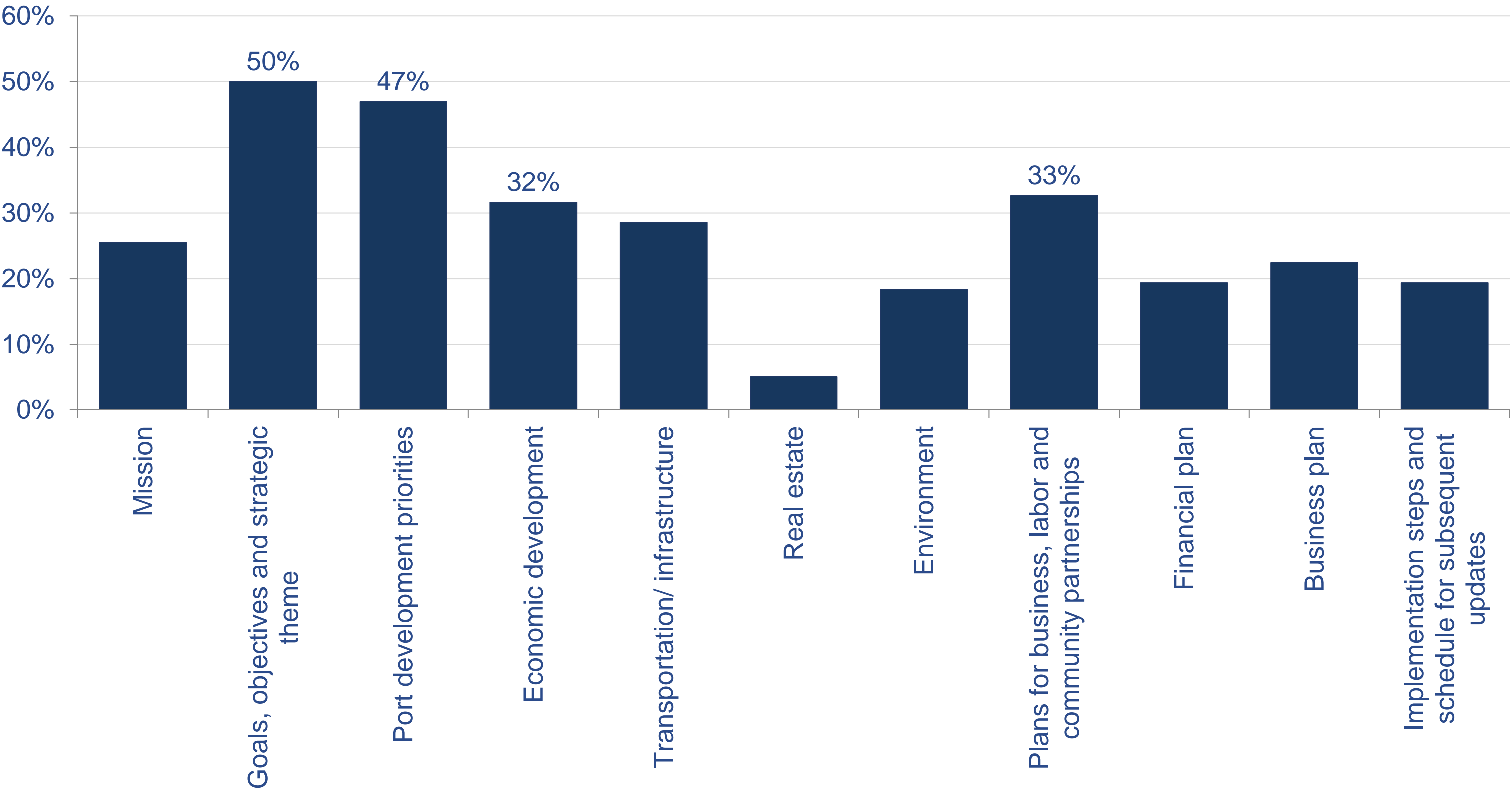
## Priority Initiatives



- *Support **community's economic development strategies***
- *Pursue a **major project or initiative***
- *Improve relationships with **local government agencies***
- *Improve relationships with **local economic development agencies***



## Strategic Plan Should Include...

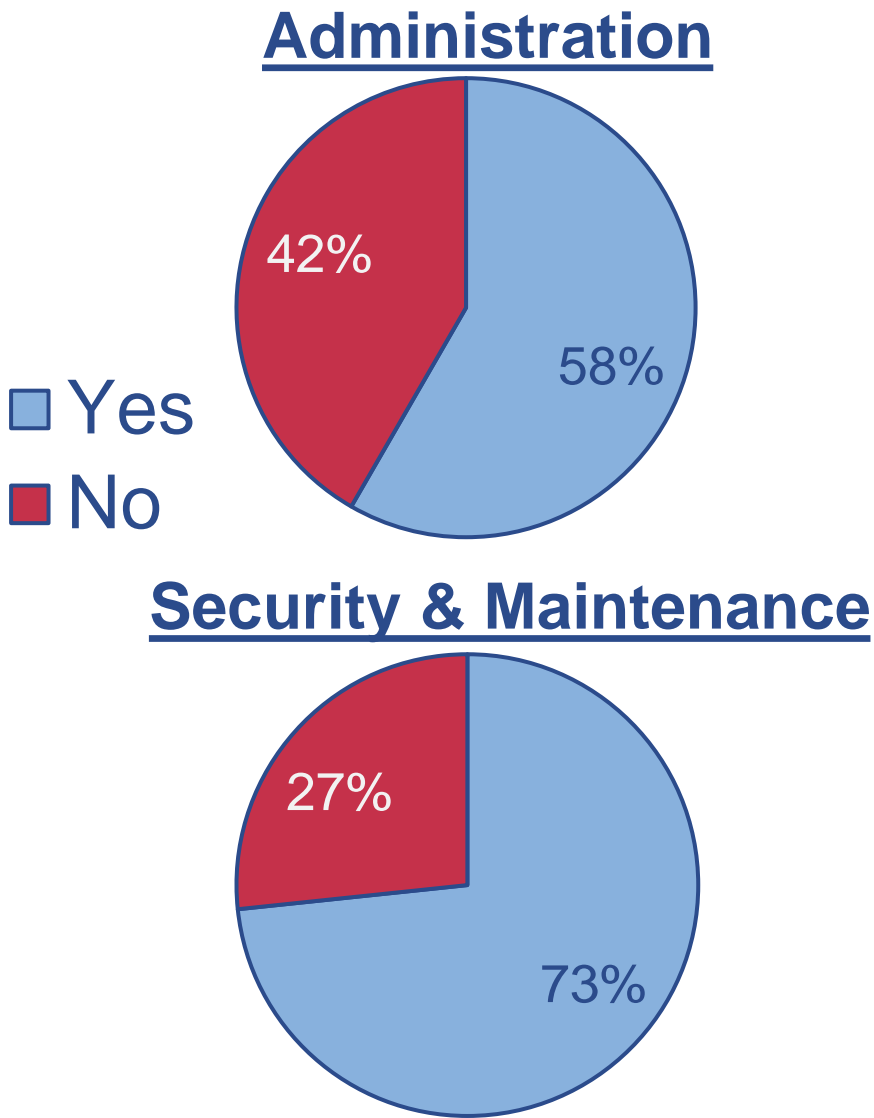


- ***Goals, objectives and strategic theme***
- ***Port development priorities***
- ***Business, labor and community partnerships***
- ***Economic Development***

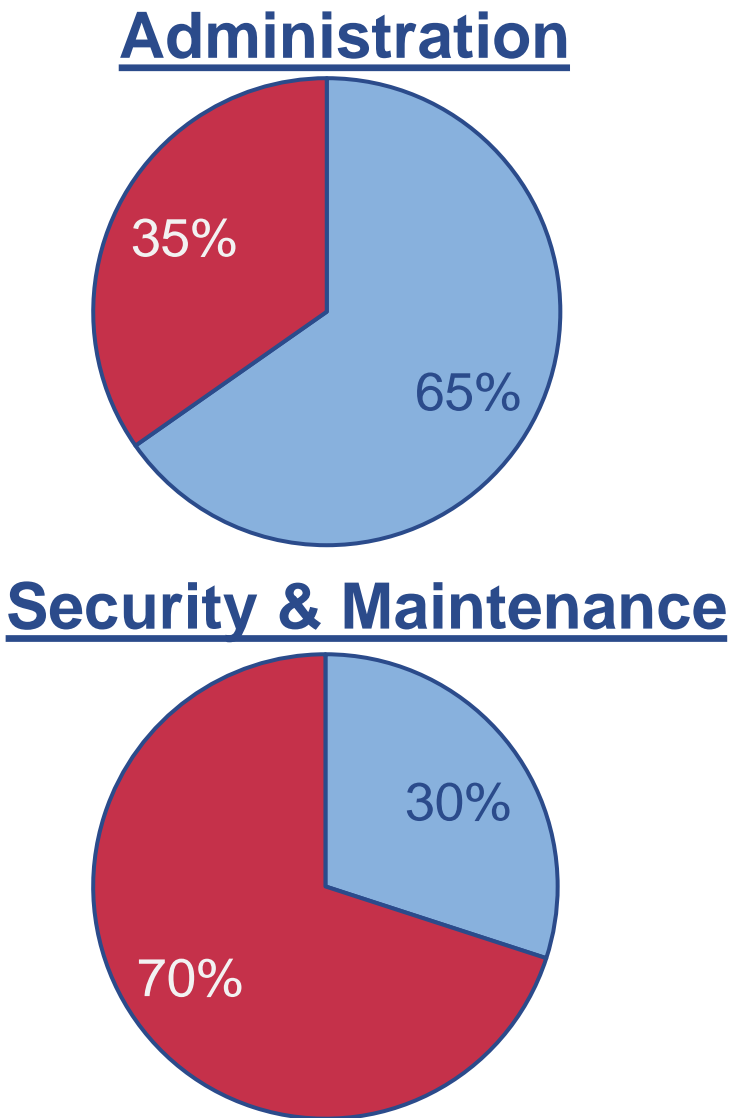
# STAFF SURVEY: MISSION STATEMENT

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

Does the current mission statement reflect *who we are today*?



Does the current mission statement *need to be updated*?





[illegible]

## Current Mission Statement Terms *compared to* Potential Looking Forward Terms

'Current' Mission Statement Terms	'Looking Forward' Mission Statement Terms
Prosperity	Economic Development <i>(Jobs and Growth)</i>
Customers	<i>not emphasized</i>
Cargo	<i>not emphasized</i>
Community	Community, local, partnership
Connect to World	<i>not emphasized</i>
<i>not emphasized</i>	Environment & Sustainability
<i>not emphasized</i>	Leadership



# ECONOMIC DEVELOPMENT

Economic Development/Workforce  
Partners interacted with to date

This list does not include all workforce and  
education partners in Pierce County

COMMUNITY PARTNER	ECONOMIC & WORKFORCE DEVELOPMENT FOCUS												
	Business Recruitment	Business retention	Business expansion services	Startup Services	Revitalization	Affordable/Housing	Business/Workforce	Business advocacy	Leadership Development	Networking events	Business training & technical advice	Infrastructure Development	Workforce Development
Department of Commerce, Washington State's Maritime Sector	●	●	●				●						
Economic Development Board for Tacoma-Pierce County	●	●	●						●				
Tacoma-Pierce County Chamber of Commerce			●	●			●	●	●	●			
Pierce County, Economic Development	●	●	●	●	●	●					●		●
City of Tacoma, Community and Economic Development Department	●	●	●	●	●	●				●	●		●
Tacoma Public Utilities, Economic Development	●	●	●								●		
WorkForce Central– Pierce County Workforce Development Council										●			●

## Observations to Date

- The Economic and Workforce Development organizations across Pierce County are ***collaborative*** and have ***strong relationships***.
- The Port of Tacoma:
  - Is highly regarded and ***recognized to have an important role*** in the county's current and future economy.
  - Is a present, active partner in the region that is a ***willing partner*** when called upon.
  - Has a ***unique opportunity*** given its legal authority ***to drive economic success and job growth*** across the region.
- ***Lacks a clear vision, a defined role, and an implementation strategy*** regarding economic development.



## More Observations

- There is *understanding* of who and what the Port is at the *business and public leadership level*.
- However, there is *confusion* regarding who and what the Port is *at the community level*. There does not seem to be a distinction between the Port and the NWSA.
- The Port has been *largely reactive* in economic development efforts.
- All indicated the future of the *Tideflats is significant; however*, that issue should not paralyze other actions and contributions the Port can make in economic development.
- What could the Port do to *expand industrial land* was a reoccurring question.

# ADMINISTRATIVE OFFICE

## *Current Building*

- 42,000 square feet in two-stories
- Built in 1982
- Challenges
  - Current location could impede expansion
  - Safety due to location
  - Adds car traffic in Tideflats





## Key Strategic Questions to be Explored

### 1. Potential location

- Current location?
- In or beyond the Tideflats?
- New construction or existing building?

### 2. Space needs

- How does remote working impact space needs?
- Will the space only be used by Port of Tacoma/NWSA staff or also maritime supportive businesses?
- Should the Port provide space for public conferences space?
- Could the inclusion of other shared uses such as a museum or hands-on interpretive center benefit the community?

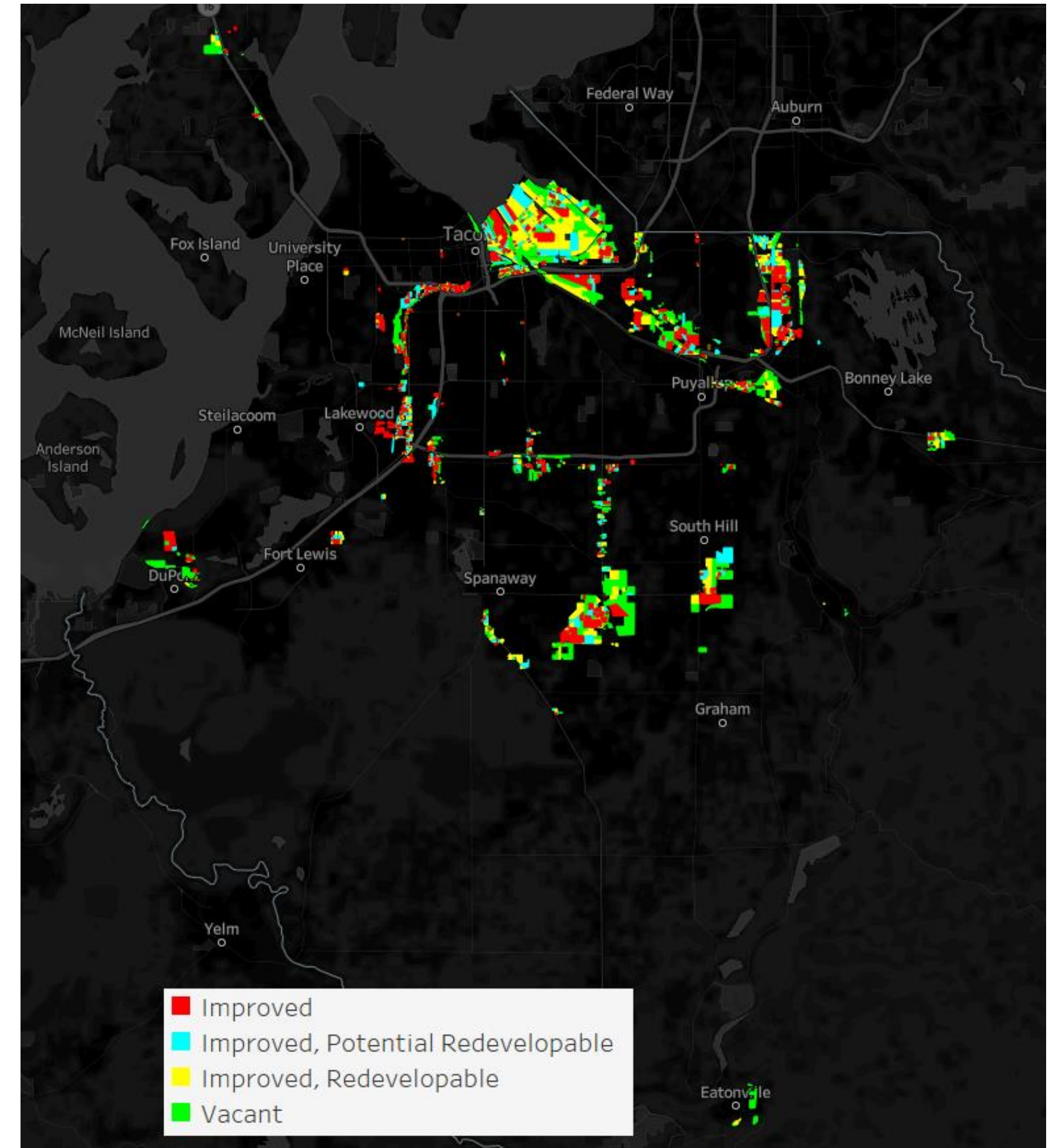
### 3. Feasibility

- What is the cost to acquire and/or construct?
- How can the Port finance this project relative to trade-offs

# INDUSTRIAL MARKET ASSESSMENT

## Overview

- The **Port owns about 20%** of the industrially zoned land in Pierce County
- ALL the Port's Pierce County industrial land portfolio is in the Tideflats
- Approximately 1.3 million square feet of new warehouse space built on Port land since 2010 (22% of the county total)
- County-wide, all 5.5m square feet of new buildings have been in support of the supply chain (e.g. warehouses)
- Even with new industrial construction & some move outs the vacancy rate is well below historical averages BUT
- Increasing available space + COVID-19 uncertainty + a highly speculative pipeline = an expected adverse effect on the market in the near term



## Key Strategic Questions to be Explored

1. How can the Port support Pierce County's rebound from a likely industrial market downturn?
  - Leasing has slowed and the vacancy rate has begun to increase
  - Warehousing sector will be less disrupted than manufacturing during pandemic
2. Where in Pierce County could the Port have the most impact?
  - Properties that are zoned for industrial development but are difficult for the private sector to act on
3. Are there strategic infrastructure investments that Port could support to unlock industrial development?



# Port of Tacoma Strategic Plan

## *Re-booted Plan Approach*





# WHY RE-BOOT THE APPROACH?

- Current physical distancing restrictions prevent face-to-face discussions at this time
- Rationale to proceed:
  - **Prepare the Port** now to respond to future resource requests within the context of all of its future resource needs
  - **Address opportunities and challenges** that are priorities right now
  - Afford the Port the **ability to proactively explore and define its role** in community economic development and economic recovery

# WHY RE-BOOT THE APPROACH?

## *The significant change...Accommodating Physical Distancing*

**Spring period** (April-June) physical distancing:

- Complete and report out findings through interviews, surveys and virtual meetings
- Begin to identify areas for which the Port will develop goals (Goal Areas)

**Summer period** (July-August) face to face sessions:

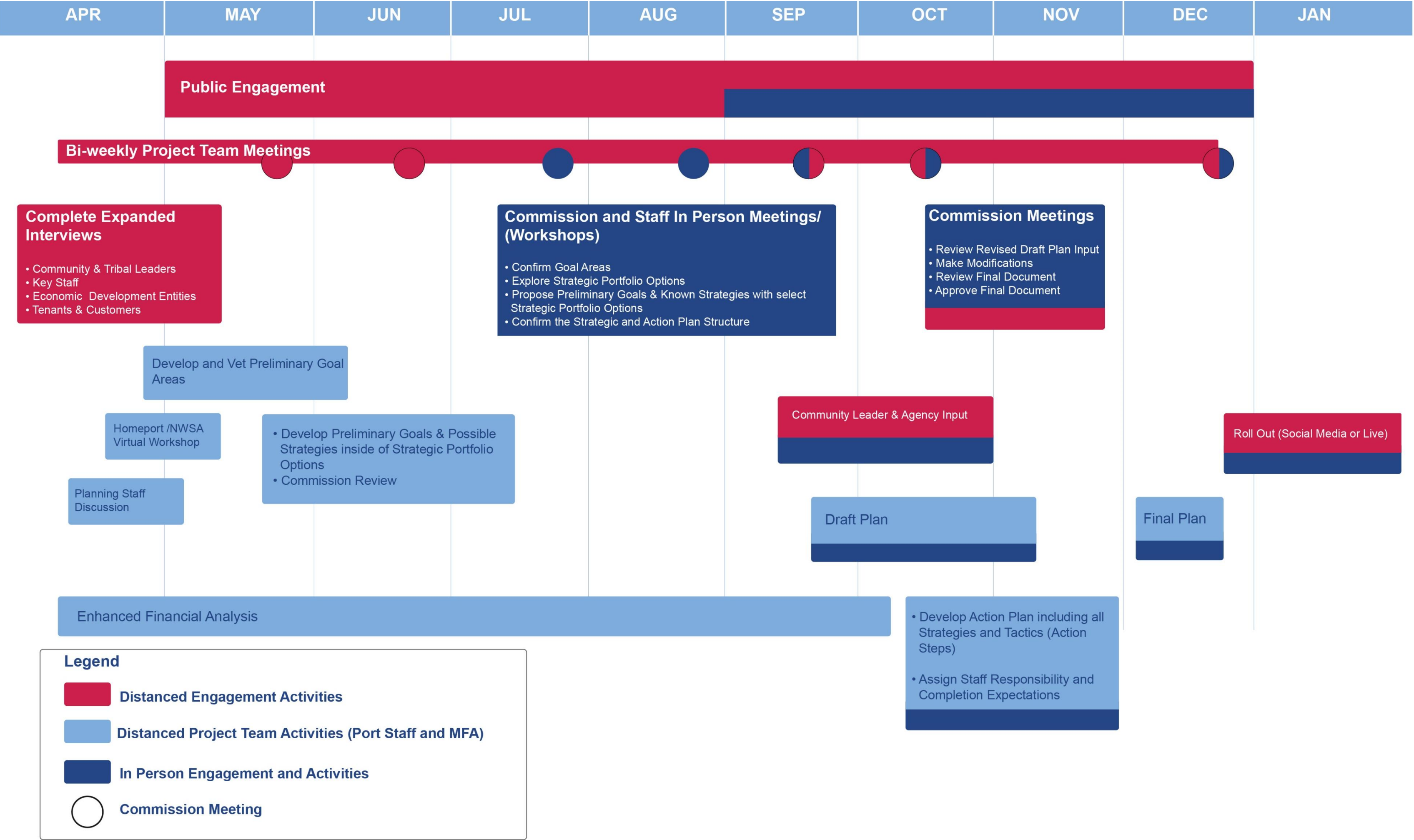
- Face to face Commission, staff and community leader meetings *(if permitted)*
- Identify the Port's goals and strategies
- Articulate the Port's values
- Confirm the Port's unique role in the community and its purpose; update Mission statement

**Fall Flex Period** (September-December) face to face sessions or virtual if required:

- Finalize key plan components
- Strategic Plan & Action Plan
- Additional outreach to community
- Adopt the Strategic Plan and Action Plan

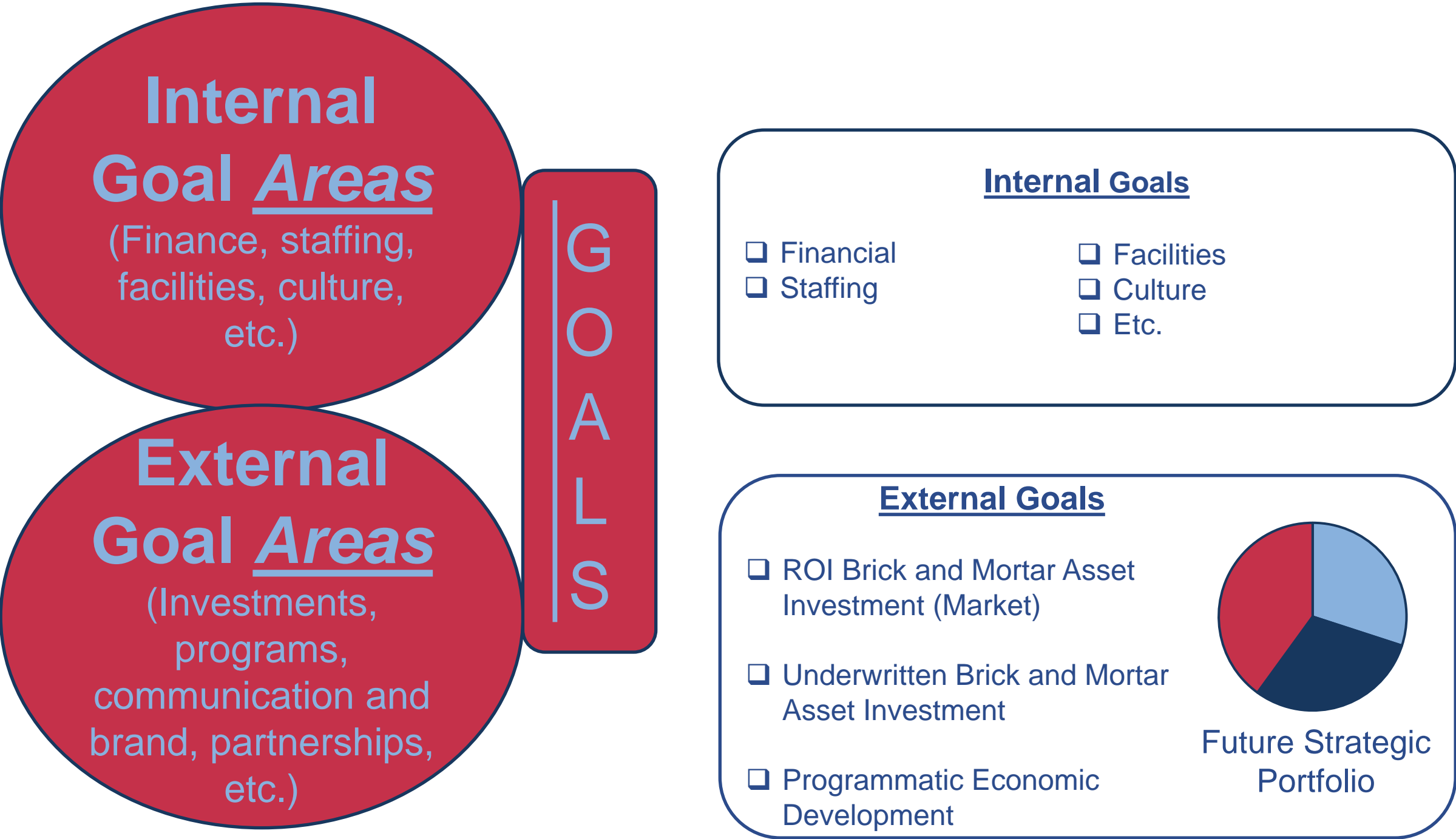


# RE-BOOTED TIMELINE



# NEXT STEPS: DEVELOP GOAL AREAS

## Strategic Plan Formulation



## Completed Strategic Plan & Action Plan



# NEXT STEPS: COMMISSION MEETINGS

## June

- ☐ Update on Findings
- ☐ Explore Early Goal Areas
- ☐ Update calendar (Physical Distancing projection for Summer Period)
- ☐ Strategic and Action Plan Structure

## July

- ☐ Financial Findings
- ☐ Goals Work Session
- ☐ SWOT/Trend Triage Exercise
- ☐ Preliminary Future Strategic Option Portfolios

## August

- ☐ Strategic Option Work Session
- ☐ Strategic Plan



# NEXT STEPS: EXTERNAL ENGAGEMENT

AUDIENCES	TIMING	<div> <div>Commission meetings</div> <div>Meetings</div> <div>Email updates</div> <div>NAUTILUS (Port Intranet)</div> <div>Social media</div> <div>Surveys</div> <div>Web page</div> <div>Interviews</div> <div>Media Engagement</div> <div>Online Open House</div> <div>Roundtables</div> </div>										
		ENGAGEMENT TACTICS										
Port staff and commission	Spring 2020 – through plan completion	●	●	●	●	●	●		●	●	●	
Customers and tenants	Spring 2020	●		●				●	●	●	●	●
Operational partners	Spring/summer 2020			●				●	●	●	●	●
Puyallup Tribe	Summer 2020		●	●				●	●	●	●	●
Local governments	Summer 2020			●		●		●	●	●	●	●
Community partners	Summer 2020			●		●		●	●	●	●	●
Communities within port district	Spring 2020 – through plan completion	●		●		●	●	●		●	●	
General Public	Throughout; opportunities in summer/fall 2020	●				●	●	●		●	●	

The engagement tactics listed in this table may be adjusted during the course of the project based on budget and need.