

2019 PORT OF TACOMA PERFORMANCE GOALS & EXPECTATIONS

I. SUSTAIN & ENHANCE BUSINESS DEVELOPMENT & JOB CREATION		Updated 8/02/19
KEY PRIORITIES FOR 2019 & BEYOND	PERFORMANCE MEASURE	RESULTS TO DATE
1. LAND ACQUISITION/REAL ESTATE PORTFOLIO LONG-TERM STRATEGY: Evaluate and recommend strategic property acquisitions that support future business development activities.	A. Execute on land acquisition plan balanced with the other financial needs of the POT and NWSA	
	B. Maytown: Market property to sell and maintain the mining permit.	Currently under contract with an expectation for a final sale in 2020.
	C. Complete long-term development strategy for the Fabulich Center property.	
	D. Complete development plan and initiate RFP to select development partner(s) for both sides of the Wheeler Osgood waterway. Perform environmental review of the BNSF property, and pursue property acquisition. Explore land-use opportunities with key partners/stakeholders of the Foss Waterway, including acquisition of the BN property.	
	E. Market Frederickson Properties for Sale	
	F. Purchase Upper Clear Creek properties to maximize efficiency and compliment Mitigation Bank.	Chichinski property purchase complete 12/31/18. On going negotiations underway on other strategic properties.
	G. Initiate RFP for approximately 30-acre development site located at 1202 Taylor.	Environmental team requesting project authorization Q# 2019 to expedite remediation investigation to support redevelopment opportunities.

2. LAND USE & TRANSPORTATION PLANNING	A. Create a timeline and scope for updating the Port of Tacoma Strategic Plan by Q4 2019	Strategic plan scope and 2020 budget is being developed by the Planning team via direction from new ED.
	B. Brief commissioners on current sea level rise research and local potential impacts by Q2 2019.	Scope of work drafted to engage consultants on potential port facility impacts given current available data. Q4 2019 Commission presentation anticipated.
	C. Participate in the creation of the Tideflats Subarea Plan with the City of Tacoma and other regional partners, plan completion is expected in 2022.	Work Plan approved by Steering Committee Q1 2019. Next step is to hire consultant and draft a public engagement plan. Planning process will likely being Q1 2020.
	D. Protect port operations and ensure timeliness of state and local road projects, such as SR-167, Port of Tacoma Road/I-5 Interchange, Taylor Way, and Puyallup Bridge reconstruction.	<ul style="list-style-type: none"> • Secured legislation accelerating SR 167 construction by 25%. Phase 1A is scheduled to go to construction in Q3 2019. • POT Road Interchange Phase 1 under construction. Funding for Phase 2 was included in Hobbs transportation package (which did not pass). Fife plans to apply for BUILD grant for Phase 2 in Q3 (POT provided a letter of support). • \$1.5 million in federal formula FAST funds secured for Taylor Way. Project scheduled to go to construction in Q2 2020. • Puyallup River Bridge opening delayed until Q3 2019, but delay will allow for increased weight capacity. Funding for remaining phases was included in Hobbs transportation package (which did not pass).
3. THORNE ROAD PROPERTY DEVELOPMENT	A. Select alternative for design and begin permitting in 2019 (may be determined based on potential commercial tenant).	Design authorization expected in August for off-dock container yard

	B. Complete development plan & advance permitting and mitigation, on time and on budget.	Wetland delineation begun. Permitting tied to Parcel 14 mitigation site. Received email from Tribe agreeing to Parcel 14 mitigation site with appropriate conditions. Permitting likely to start on both Q4.
	C. Coordinate project with NWSA GCP terminal improvements.	
4. WWL AUTO TERMINAL/PARCEL 77	A. Complete full build-out by July 2019 on time and on budget.	
II. DELIVER SUPERIOR FINANCIAL PERFORMANCE (Scorecard: Financial Returns)		
EFFECTIVELY MANAGE 2019 OPERATING ACTIVITIES TO DELIVER EXPECTED FINANCIAL RESULTS.	A. Effectively manage the 2019 operating activities to deliver expected financial results.	YTD operating income of \$17M was above budget by \$8M (93%) and net income was \$13M (140%) above budget. Operating income was higher due to Port revenue up \$1M, NWSA JV income up \$3M (13%) and lower expenses due to the deferral of planned expenses to future periods. Non-operating expenses were under budget as market value of investments resulted in income of \$2M and sale of Fredrickson property contributed \$3M resulting in net income that was \$13M over budget.

<p>B. Year-over-year comparison and explanation of financial results, with a target of (or operating margin) _____.</p>	<p>Compared to the prior year, operating income of \$17M was flat and net income of \$23M was up \$5M (26%). POT revenue was up \$2M, from new leases and WWL autos, offset by NWSA – JV Revenue down \$1M, and expenses up \$1M for wages and benefits, depreciation and environmental. Non-operating expense was down \$6M due to higher income from investment market valuations and the sale of Fredrickson, resulting in net income above prior year by \$5M.</p>
<p>C. Debt Management: Staff will minimize future borrowing and reduce debt.</p>	<p>Staff has recommended refunding opportunities to lower overall debt service payments. No in borrowing has been requested.</p>
<p>D. Achieve clean audits: Work with staff to achieve a clean audit.</p>	<p>In April, the external financial auditors reported "no findings" following audit of the 2018 financial statements. Accountability audit will be performed in the fall.</p>
<p>E. Effectively manage Port of Tacoma obligations within the NWSA.</p>	<p>All Port obligations to the NWSA have been satisfied to date in 2019.</p>

III. STRENGTHEN ORGANIZATIONAL CAPABILITY AND PERFORMANCE

1. COMPLETE 2019 TRANSITION ACTIVITIES IN COORDINATION WITH NWSA.

<p>A. Support Commission in search of new POT Leadership.</p>	<p>Eric Johnson was selected as the new Executive Director. He joined the Port on June 10th.</p>
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	B. Complete Total Rewards 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 NWSA/POT/POS meeting.
	C. Complete assessment & recommendation for POT HQ location.	Assessment has been completed and recommendations will be presented at a public meeting in early August.
	D. Review and update the Master Policy.	Master Policy updated have been drafted. The commission has decided to appoint a committee to review and make final recommendations.
	E. Complete Legal Services review and formulate recommendation.	Review is underway by NWSA Legal Services Review Committee, including how NWSA decision coordinates with homeport counsels.
	F. Keep Service Agreements current and accurate regarding allocating of costs and time.	The service agreements are in place and operating effectively.
IV. DEMONSTRATE ENVIRONMENTAL STEWARDSHIP (Scorecard: Environmental Stewardship)		
1. PLAN AND IMPLEMENT CLEAN-UP ACTIONS ON PRIORITY CONTAMINATED PROPERTIES TO SUPPORT THE PORT'S BUSINESS OPPORTUNITIES.	Maximize Model Toxics Control Act (MTCA) grant opportunities to offset past and future remedial action Port costs. (recommend revised performance measures to align with actual 2019 work program)	
	<u>A. EBC Parcel 1B - Begin design by Q1 2019, submit federal permits by Q3 2019, and complete design by Q4 2019 to have a shovel ready cleanup project as early as 2020. Attempt to secure MTCA matching grant for 2020 cleanup action via the State supplemental budget.</u>	Project design was initiated in January 2019 following Commission authorization on November 29, 2018. A \$150k grant reimbursement was submitted in June and is awaiting Ecology review and approval.

	<u>B. Taylor Way Alexander Fill Area (Parcels 95, 111, and 117)</u>	Conduct environmental sampling on Parcel 117 to evaluate presence of contamination by 3Q 2019. If absent Port staff will petition Ecology to remove this Parcel from the TWafa site to allow for an expedited property development.
	<u>C. Portac Parcel 15</u>	Complete improvements to the environmental cap and stormwater system by Q3 2019 and prepare the cleanup action plan by Q4 2019. Collect reimbursements for remaining funding in 2018/19 biennium \$500k matching grant, and position for future matching grants. The FS addendum was approved by Ecology on March 6th. The draft cleanup plan was prepared and submitted on July 8th. Ecology comments are anticipated and the document will be revised. In 2019 Ecology has reimbursed \$162 of the \$500k grant, with \$77k remaining.
2. IMPLEMENT A HABITAT MITIGATION PLAN.	Complete Upper Clear Creek portion of Port's Umbrella Mitigation Bank Q24 2019. Receive final approval of the mitigation bank from Army Corp of Engineers.	Bank remains in Corps legal review. Legal review now accounts for 40% of total bank establishment schedule. Puget Sound-wide public bank owners group establishing to push Corps through Congressional delegations. CEO and ED engagement underway to help expedite approval process.
3. IDENTIFY & DEVELOP MARITIME INDUSTRIAL STORMWATER TREATMENT BEST MGMT PRACTICES	A. Evaluate and make recommendations on City of Tacoma/Port of Tacoma cooperation under the MS4 permit program.	City/Port ILA outlying roles and responsibilities for an additional two year period, while Port works with new ED to determine more long-term solution, expected to go to Commission for approval Q3 2019

	B. Develop performance metrics around updated ISGP/MS4 permit compliance requirements.	Environmental has worked closely with the Maintenance Department on developing a Monthly work and reporting plan and will implement the new process during the 3rd quarter 2019.
4. DEVELOP A MARITIME INDUSTRIAL-FOCUSED ENVIRONMENTAL STEWARDSHIP SUSTAINABILITY PROGRAM	A. With robust stakeholder input, update the NW Ports Clean Air Strategy by Q2 2020.	First stakeholder engagement workshop is planned for July 18, where we will solicit 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 CHE, Shorepower and fleet modernization initiatives.	Secured a \$1 million DERA grant for shore power at Husky Terminal. Have proposed new use for remaining Ecology clean truck funds including shore power and CHE.
5. SUPPORT TENANT COMPLIANCE WITH ENVIRONMENTAL REGULATIONS	A. Partner with Ecology on advancing remediation projects that have appropriate business and regulatory drivers. (i.e. Steam Plant Site, Hylebos Cost Recovery).	See above for detailed work plan review.
	B. EBC PARCEL 1B – Begin design phase by Q1 2019 & implement clean up action plan Q4 2020.	
V. COMMUNICATIONS/PUBLIC AFFAIRS		
1. COMMUNITY/INDUSTRY OUTREACH PROGRAM:	A. Support the hiring process of new POT Executive Director with stakeholders and community	COMPLETE

Execute a proactive engagement strategy with stakeholders and the community to advance the value proposition of the POT and the role the port plays in our regional economy.	B. Work to support a successful transition from the Tideflats Business Roundtable to the South Sound Manufacturing Industrial Council by identifying 300 contacts for the MIC mailing list.	COMPLETE
	C. Support expanded community understanding of the port and its missions through the successful execution of 12 community events or activities broadly available to the general public (averaging once a month).	COMPLETE. Year to date, the port has had 15 bus tours, 14 Commissioner/Executive speaking engagements, and 36 other community outreach events, such as Farmers Markets and Nature Walks.
	D. Begin process to update Port's Strategic Plan and seek Commission input in advance of implementation.	Ex. Director is developing a plan to issue an RFP. Goal is to get Commission direction to proceed in Sept. 2019.
	E. Continue efforts to establish best possible working relationship with the Puyallup Tribe and Marine View Ventures.	Initial meetings wit the Tribe and Marine View Ventures (MVV) have occurred by the Executive Director.
2. CORPORATE SOCIAL RESPONSIBILITY PROGRAM: Reframe and focus the program as part of the overall POT community engagement portfolio.	A. Prioritize CSR sponsorships to align with overall outreach strategy.	Some CSR activities have been on hold as the POT hired and onboarded a new executive director. It is anticipated that CSR will be a large component of the Port of Tacoma strategic planning process.
	B. Partner with local education partners on a specific workforce development initiative.	<ul style="list-style-type: none"> • Maintenance and Govt. Affairs staff participated in Puyallup Tribe's career fair. • Govt. Affairs staff participated in Steward Middle School career day. • Participation in Tideflats Certification program scheduled for Q3. • Participation in Pierce County Building Trades Career Day scheduled for Q4. • Govt. Affairs staff continues to have ongoing conversations with Tacoma School District but staff continues to struggle with lack of clear expectations and resources.