

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**STAFF BRIEFING**

**Item No.** 7b  
**Date of Meeting** January 26, 2016

**DATE:** January 19, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Dave Caplan, Senior Director, Strategic Initiatives  
**SUBJECT:** Office of Strategic Initiatives Update

**SYNOPSIS**

The purpose of this memorandum is to present an overview of the Office of Strategic Initiatives including: (1) Central Procurement Office (CPO): Procurement Excellence Initiative; (2) the Long Range Planning (LRP) process; and (3) Continuous Process Improvement (CPI): – Lean.

**BACKGROUND**

Strategic Initiatives was created to help the Port of Seattle staff:

- Operationalize the Century Agenda and achieve our goals in the next 10 years
- Enhance small business growth, economic development and create jobs
- Work more productively and more effectively
- Break down silos

**CPO: Procurement Excellence Initiative**

**Why:** Significantly improve procurement processes to achieve small business and environmental Century Agenda goals while reducing procurement time and saving money.

**How:** We are approaching this initiative in 2 phases:

Phase 1: Diagnostic Phase. Perform an assessment/opportunity analysis. This assessment will include analysis of current spend and benchmark current processes and systems. Procurement Excellence will incorporate the Century Agenda, Port values and Triple Bottom Line into the overall assessment and procurement strategy. Emphasis will be placed on improving small business participation, environmental purchasing, developing internal capabilities, and being a strong steward of public funding.

The result of the diagnostic assessment will be a report recommending specific opportunities that will deliver tangible improvements and savings, including but not

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limited to: detailed process changes, methodology for implementation, opportunities for staff development and capability building, and expected savings/cost avoidance.

Strategic Initiatives will come back to Commission with a detailed request for consulting assistance for the diagnostic phase (approximately 4-6 weeks). We will then report to the Commission on the assessment findings with specific recommendations. We will request authorization to move forward into Phase 2, implementation, given we see a significant return on the investment.

Phase 2: Implementation. CPO with supporting departments will implement the plan in phases or waves, likely starting with the area of most significant return. These “waves” may include training workshops followed up with actual hands-on procurement activities. Workshops may focus on developing strong sourcing strategy, development and use of analytics, refining procurement processes, improving negotiation skills, and developing contractor performance management system.

**Expected Results:** Procurement Excellence will increase contracting opportunities with small businesses, improve environmental purchasing, improve contractor performance, reduce time to procure, decrease costs (cost savings/avoidance). Capital expense and operational expense spending for 2014 and 2015 was approximately \$280 million (\$160 million capital and \$120 million operating expenses). With the growing capacity at the Airport, we anticipate significantly increased capital spending. We anticipate \$20 million reduction in capital expense and operational expense spending.

### **Long Range Plan (LRP)**

In 2012, the Port of Seattle Commission approved the Century Agenda, which introduced a new Port of Seattle Mission, Vision, and Commitment. The approving resolution also identified Century Agenda Strategies and Objectives, as well as Century Agenda Regional Initiatives. The Long Range Plan (LRP) provides tools, baseline data, and metrics for implemental, monitoring and reporting on progress on the Century agenda over a rolling five-year planning period. This effort is Port-wide, but facilitated by the Office of Strategic Initiatives. In addition, the LRP supports an integrated One Port management approach and links the Century Agenda to each of the Port’s individual Business Plans.

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To ensure Port-wide participation and ownership of the Century Agenda seven cross-functional internal LRP development teams were created between June and September 2015. The seven teams include:

- Aviation
- Maritime
- Small Business Growth
- Workforce Development
- Environment
- Operational Excellence
- Organizational Alignment

In addition, a Long Range Planning Steering Committee (Ted Fick, Julie Collins, Paula Edelstein, Ralph Graves, Dan Thomas and Dave Caplan) was created to oversee the process, provide executive level guidance and remove any roadblocks if necessary.

The seven development teams are facilitated by three Strategic Planning Program Managers – Bea Querido, Sebastian Mathew, and Dan Pike – brought on board in December 2015. These managers are coordinating the Long Range Plan development teams, focusing on vertically and horizontally integrating the teams' outcomes with the Century Agenda Strategies and Objectives.

The scope and goals for the Long Range Planning Process are as follows:

- Scope:
  - Develop a Long Range Plan for the period of 2016 – 2020 which provides the implementation tools needed to achieve the Century Agenda Strategies and Objectives.
- Goals:
  - Integrate Port efforts to optimize efforts and outcomes across business lines and Port functions.
  - Develop or enhance internal and external partnerships in support of the Century Agenda and implementation of the Century Agenda Strategies and Objectives.
  - Provide baselines which allow for clear tracking of progress toward Century Agenda Strategies and Objectives.
  - Develop metrics to effectively track and report on progress.
  - Ensure that the Long Range Plan supports best practices, and enhances the High Performance Organization emphasizing Organizational Alignment and Operational Excellence.
  - Achieve the Century Agenda in 10 years, by 2025.

The Long Range Plan development is a significant effort to align the application of Port financial and human resources with the Century Agenda's aspirations. Its implementation will allow the Port to more effectively and transparently improve the Port's ability to

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create a stronger local economy while addressing key environmental, social and fiscal concerns of its stakeholders, partners and citizens.

The Strategic Planning Program Managers are engaging with key staff throughout the Port in developing the Long Range Plan, with initial draft to be delivered by the end of February 2016. Development of the Long Range Plan is on schedule for delivery of a final draft to the Port of Seattle Commission at the Commission's March 29, 2016 meeting.

### **PROPOSED SCHEDULE**

January 26, 2016	Long Range Plan update to Commission
February 1, 2016	Long Range Plan first draft document released for review
February 1 – 29, 2016	Stakeholder review <ul style="list-style-type: none"><li>- Town Hall (employees and public)</li><li>- Steering Committee</li><li>- Commissioners and Commission Staff</li></ul>
March 29, 2016	Commission meeting seeking Long Range Plan approval

### **Continuous Process Improvement (CPI): Lean**

Port of Seattle leadership has challenged the organization to respond to the unprecedented rate of growth with new levels of efficiency. Lean principles will help the Port meet the challenges of rapid growth. By engaging employees in reducing inefficiencies in our processes, we can:

1. Streamline work and gain capacity to support growth. This is important to double the size of our business without doubling our Port employee base.
2. Use these efficiency gains to free up resources, which can be reinvested.
3. Demonstrate improved stewardship of public assets, both financial and human capital.

CPI with outside assistance completed an assessment and identified opportunities for improvements at a larger scope than have been completed to date. The proposed improvements are mainly in Aviation Maintenance, the largest department in the Port, with many repeated processes that involve significant travel time as well as other traditional elements of waste.

In addition we identified opportunities and have begun implementation in Landside Operations at SeaTac International Airport (STIA), centered on the Rental Car Facility buses and STIA Employee Parking buses, leading to reduced wait times for customers and employees, as well as positive environmental impact from reduced emissions from the buses.

We are confident with continued outside Lean assistance we can accelerate the pace of improvement, strengthen the skills of staff, and multiply the impact of improvement

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across the organization. To achieve this level of commitment and expertise, teams would be engaged in a schedule of training that would include designing, testing, and sustaining improvement tied in with application to specific Lean projects.

### **Benefits**

#### ***Economic Development***

Through improving processes across the organization, the Port will demonstrate financial stewardship, increasing capacity without the linear increase in staffing.

#### ***Environmental Responsibility***

Processes will be more efficient in part due to a reduction in travel. Aviation Maintenance workers currently drive repeated trips around the Airport runways; Marine Maintenance workers cover 17 miles of waterfront.

### **ATTACHMENTS TO THIS BRIEFING**

- PowerPoint: Strategic Initiatives

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- December 4, 2012: Port of Seattle Commission adoption of the Century Agenda