

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7c
Date of Meeting June 14, 2016

DATE: June 6, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Dave Caplan, Senior Director – Strategic Initiatives
SUBJECT: Strategic Positioning for Growth Budgeting Initiative

SYNOPSIS

This briefing will provide an update on the status of the Strategic Positioning for Growth Budgeting Initiative (SPG) undertaken by the Port to operationalize the Century Agenda within the Aviation, Maritime, and Economic Development divisions in preparing our 2017 budget. A similar approach will be conducted for the Corporate Service Departments next year.

BACKGROUND

The Port conducted a Zero-based Budgeting (ZBB) process in 2009 as a response to a severe economic downturn and the corresponding need to reduce expenses. At this point in time, the Port is facing unprecedented growth in the midst of solid economic fundamentals. As a result, the SPG effort has been designed to move beyond a traditional ZBB approach to accomplish three primary goals:

1. **Alignment:** Aligns operational activity at the department level with divisional strategies and objectives.
2. **Cost Justification:** Assigns a unique cost factor to variable units of operational activity at the department level to provide a cost-justification metric. When applied to all of the department-level activities, the resultant financial roll-up will comprise a bottoms-up divisional budget in which the divisions' primary strategies and objectives will have been cost-justified.
3. **Resource reallocation/cost avoidance:** An analysis of this exercise may reveal opportunities for the reallocation of resources to maximize divisional operational efficiency and effectiveness.

The duration of this project extends from May through early August, 2016. Progress for this project is managed through Working Group & Steering Committee meetings held weekly and bi-weekly, respectively.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

June 6, 2016

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ATTACHMENTS TO THIS BRIEFING

- SPG briefing slide presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.