

Long Range Plan Management Update

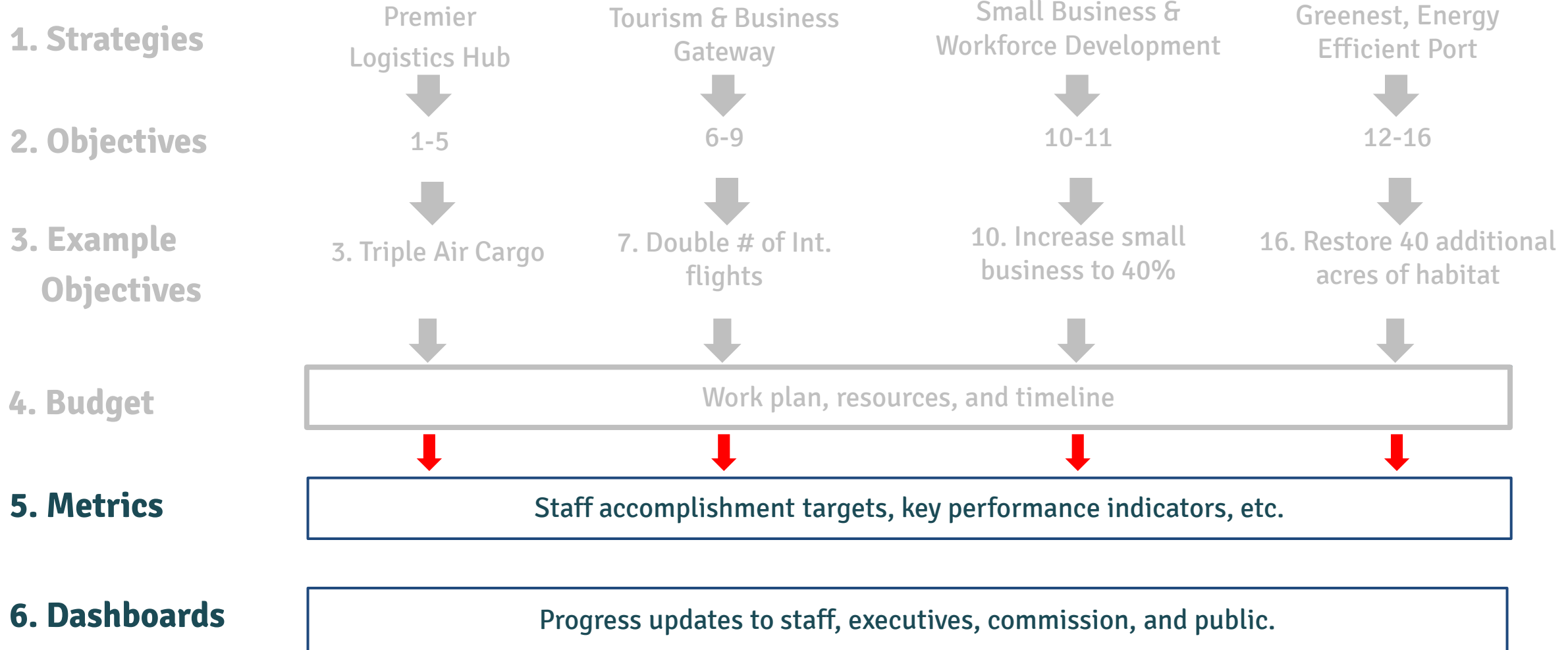
Commission Study Session
July 26, 2016

Long Range Plan (LRP) Presentation Overview



Five Part LRP Presentation

Long Range Plans Integrated with Budget and Metrics



LRPs drive budgets that in turn drive staff activity



LRP OFFICIAL DOCUMENT FOR DISCUSSION

(2 OF 5)

LRP Formal Document for Commission Adoption on August 9, 2016

Commission Memo – Action Item

		PORT OF SEATTLE MEMORANDUM
COMMISSION AGENDA	Item No.	
ACTION ITEM	Date of Meeting	August 9, 2016
DATE: July 18, 2016		
TO: Ted Fick, Chief Executive Officer		
FROM: Dave Caplan, Senior Director, Strategic Initiatives		
SUBJECT: Approval of Long Range Plan		
ACTION REQUESTED		
Request Commission authorization for the Chief Executive Officer to implement the 2017 – 2021 Long Range Plan		
SYNOPSIS		
The staff will engage the Commission on a discussion about the status of the Long Range Plan (LRP) during the Study Session scheduled for Monday, July 25, 2016. The discussion will inform the staff to prepare the LRP formal document that the Commission to review, approve, and adopt on Tuesday, August 9, 2016.		
The objectives of this discussion are to present the Century Agenda LRP template for adoption as well as demonstrate the integration and Century Agenda alignment of the key strategic initiatives, to include the Strategic Positioning Growth (formerly known as Zero Base Budgeting) and Division Business Plans.		
Additionally, a Port-wide team, which encompasses subject matter experts from Strategic Planning, Business Intelligence, and Information & Communications Technology, created a LRP Dashboard for Commission and Port Staff to review the Port's performance to the plans listed in the LRP. The LRP Dashboard focuses on the key performance indicators tied to each of the sixteen Century Agenda strategic objectives as well as key achievements and a 12-month look-ahead per strategic objective. The Study Session on July 25 th will also provide the Commission to give feedback to the LRP Dashboard semi-annual review and an executive-level update on each of the sixteen Century Agenda strategic objectives.		
BACKGROUND		
The LRP development represents the efforts of cross-functional teams at the Port to align our actions and tasks with the Century Agenda's strategies and objectives. Its implementation will allow the Port to more effectively and transparently improve the Port's ability to support the local economy by creating 100,000 new jobs for the Puget Sound region, while addressing key environmental concerns of all its stakeholders.		

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2017 – 2021 LRP Document



Seeking Commission feedback draft of LRP Document structure prior to official review & approval

LRP Official Document for Commission Adoption on August 9, 2016



(Example 1 of 14)

LRP Official Document for Commission Adoption on August 9, 2016

LETTER TO THE COMMUNITY



For more than a year, over 100 Port employees have developed long-range plans (LRPs) to guide our work from 2017 to 2021. Representing divisions and departments from across the Port, subject matter experts and cross-functional teams met regularly to connect work unit operations the goals of the Century Agenda. The teams developed strategies, objectives, actions, and performance measures focused in five areas: aviation, maritime, economic development, the environment, and high-performance organization.

LRPs serve as a unifying force across the Port and create synergy to achieve common strategic priorities, like support for small business. LRPs are strategic plans that integrate the businesses and functions of the Port in order to operationalize the Century Agenda. There are two major elements of LRPs: Century Agenda, which focus on external growth, and High Performance Organization (HPO), which is specific to internal strategies that focuses on operations excellence, organizational alignment, and a people centric organization. HPO integrates across all areas of the Port, weaving together operations from all functions, which is vital to acting as "One Port" and serving the public.

The organization has been challenged to achieve the 25-year Century Agenda goals in just 10 years. Both

the Maritime Division and Aviation Division face big challenges with the tremendous growth in airline and cruise ship passengers and the capital programs needed to meet that demand. The LRPs provide a road map to help ensure we are all headed in the same direction and that we have specific, achievable actions that will enable us to keep up with the dramatic growth in our industries. Additionally, we have five strategic environmental stewardship objectives as part of the LRPs that ensure we pursue actions to protect and restore the environment while achieving our business goals. In this way we hope to continue to support the region's air transportation needs at Sea-Tac Airport, sustain and enhance the maritime industry, and leverage our economic development activities to create jobs.

The LRPs will be reviewed annually and adjusted as needed based on external and internal changes. They are living documents and progress toward achieving goals. Every Port employee at every level of the organization is responsible for contributing to these goals and each person is asked to be accountable for that. Strategic plans such as these help to explain the mission of our organization and how we go about achieving it. We hope that they provide better insight into our work and our commitment to being an economic engine for our region.

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John Creighton
Commission President



Tom Albro
Commission Vice President



Stephanie Bowman
Commissioner



Fred Felleman
Commissioner



Courtney Gregoire
Commissioner



Ted Fick
Chief Executive Officer

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THE PORT OF SEATTLE AN INTRODUCTION



The Port of Seattle plays a key role in bringing international trade and travel to the Pacific Northwest. The Port provides maritime and airport operations for the greater Seattle area. About 40 percent of the state of Washington's economy is impacted in some way by the Port. The ports of Seattle and Tacoma are currently working to create the historically innovative Seaport Alliance, unifying the management of the two ports' marine cargo terminals and related functions to continue our leading role in international trade.

The Port of Seattle manages two cruise terminals that make Seattle the preferred choice for Alaska or Pacific Northwest cruises. Nearly 900,000

visitors are expected during this year's cruise season with 192 ships calling on Seattle. The Port also manages Fisherman's Terminal, the headquarters of the North Pacific Fishing fleet, as well as three recreational marinas and the Maritime Industrial Center.

The Port of Seattle operates Seattle-Tacoma International Airport (Sea-Tac), ranked as the 13th busiest U.S. airport, serving nearly 37.5 million passengers and more than 319,000 metric tons of air cargo in 2014. For the fourth straight year, Sea-Tac served a record number of passengers in 2014, the fastest growth of any U.S. airport.

The Port is working on a Sustainable Airport Master Plan to look ahead five, 10 and 20 years in the future to manage growth. The capital budget for the airport includes \$1.9 billion in projects over the next five years. This includes the renovation and expansion of the north satellite, a new International Arrivals Facility, a new high-speed baggage system, and the reconstruction of the center runway.

Five commissioners, elected at large by the voters of King County serve four-year terms and establish Port of Seattle policy. The Chief Executive Officer, in carrying out these policies, leads 1,800 employees. The Port of Seattle's Century Agenda supports the triple bottom line of

business development, environmental sustainability and social responsibility. Our goal is to make the Port of Seattle the gateway of choice and create a vibrant economic engine that drives job creation throughout the region. For more information, visit portseattle.org.



(Example 4 of 14)

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CENTURY AGENDA



For more than 100 years, the Port of Seattle has generated jobs and growth for King County and the greater region by advancing trade and commerce, promoting industrial growth, and stimulating economic development. In 2012, the Port of Seattle's centennial anniversary, the Port Commission launched the Century Agenda—a comprehensive vision that focuses on the Port's next quarter-century. The Century Agenda refreshes the Port's strategies and objectives in a way that builds upon the accomplishments of the Port's first century and provides a visionary look at the emerging challenges and opportunities of the 21st century. The Port of Seattle will use its real estate, capital assets and financial capabilities to accomplish the Century Agenda. These are tools to thoughtfully steward, rather than areas well-suited for specific 25-year goals.

In anticipation of the Port's Centennial, in 2010, the Commission formed a Century Agenda Committee to guide the Port's long-range vision. During 2011, the Commission convened monthly public roundtables to discuss strategic issues related to the Port's

mission. In January 2012, the Commission adopted Preliminary Strategic Goals, which now are known as Strategies and Objectives, along with a proposed Mission and Commitment. Through extensive public outreach in 2012 that included over a thousand people and more than 60 events and engagements, the Port's partners affirmed this preliminary work. Each year since then, Port staff has identified action plans that have been incorporated in the Port business plans and budget, to advance progress towards achieving the Century Agenda Vision, Strategies, and Objectives.

To ensure "One-Port" participation and ownership of the Century Agenda, various cross-functional internal LRP development teams were created between June and September 2015. These teams include Aviation, Maritime, Small Business Development, Workforce Development, Environmental, and High Performance Organization. These teams were established to operationalize the Century Agenda and drive it from being aspirational to operational in a rolling five-year planning process.

OUR VISION

Over the next 25 years we will add 100,000 jobs through economic growth led by the port of Seattle, for a total of 300,000 port-related jobs in the region, while reducing our environmental footprint.

OUR MISSION

The Port of Seattle is a public agency that creates jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development.

OUR COMMITMENT

The Port of Seattle creates economic opportunity for all, stewards our environment responsibly, partners with surrounding communities, promotes social responsibility, conducts ourselves transparently, and holds ourselves accountable. We will leave succeeding generations a stronger Port.



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LONG RANGE PLAN OVERVIEW

The Long Range Plan allows the Port to more effectively and transparently improve the Port's ability to support the local economy by creating 100,000 new jobs for the Puget Sound region, while addressing key environmental opportunities and social responsibility of all its stakeholders.



CENTURY AGENDA

Focused on external growth:
moving cargo, traveling public, community
engagement & environment stewardship

4 STRATEGIES / 16 OBJECTIVES

- Strategy 1. Position the Puget Sound region as a premier international logistics hub
- Strategy 2. Advance this region as a leading tourism destination and business gateway
- Strategy 3. Use our influence as an institution to promote small business growth and workforce development
- Strategy 4. Be the greenest, and most energy efficient port in North America



HIGH PERFORMANCE ORGANIZATION

Focused on operations excellence,
organizational alignment, and a people
centric organization

5 STRATEGIES / 12 OBJECTIVES

- Strategy 1. Increase Customer Satisfaction
- Strategy 2. Eliminate workplace injuries
- Strategy 3. Act as One Port
- Strategy 4. Become model for workplace Diversity & Inclusion
- Strategy 5. Foster employee development & leverage talent

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LONG RANGE PLAN CENTURY AGENDA STRATEGIES



STRATEGY 1 PREMIER INTERNATIONAL LOGISTICS HUB



- Objective 1. Grow seaport annual container volume to more than 3.5 million TEUs
- Objective 2. Structure our relationship with Washington ports to optimize infrastructure investments and financial returns
- Objective 3. Triple air cargo volume to 750,000 metric tons
- Objective 4. Triple the value of our outbound cargo to over \$50 billion
- Objective 5. Double the economic value of the fishing and maritime cluster

STRATEGY 3 SMALL BUSINESS AND WORKFORCE GROWTH



- Objective 10. Increase the proportion of funds spent by the port with qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent
- Objective 11. Increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics

STRATEGY 2 LEADING TOURISM DESTINATION & BUSINESS GATEWAY



- Objective 6. Make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel
- Objective 7. Double the number of international flights and destinations
- Objective 8. Meet the region's air transportation needs at Sea-Tac Airport for the next 25 years and encourage the cost-effective expansion of domestic and international passenger and cargo service
- Objective 9. Double the economic value of cruise traffic to Washington state

STRATEGY 4 GREENEST AND MOST ENERGY EFFICIENT PORT



- Objective 12. Meet all increased energy needs through conservation and renewable sources
- Objective 13. Meet or exceed agency requirements for storm water leaving Port-owned or operated facilities
- Objective 14. Reduce air pollutants and carbon emissions
- Objective 15. Anchor the Puget Sound urban industrial land use to prevent sprawl in less developed area
- Objective 16. Restore, create, & enhance 40 additional acres of habitat in the Green/Duwamish Watershed and Elliott Bay

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LONG RANGE PLAN  CENTURY AGENDA



STRATEGY 1

LOGISTICS HUB

OBJECTIVE 3

TRIPLE AIR CARGO VOLUME TO 750,000 METRIC TONS

KEY METRICS

Air Cargo Volume (Metric Tons)

Space Utilization

PRIORITY ACTION 1: INCREASE AIRLINE CARGO CAPACITY

Airlines, operating both freighter and passenger aircraft services, perform the actual work of shipping air cargo into and out of the region using Sea-Tac Airport. The extent of routes, the number and frequency of services, and the size and capacity of specific aircraft used, define the overall capacity for moving air cargo through the airport. The purpose of this action is to bring in additional airline carriers and add routes, and to support the capacity growth of existing airlines at Sea-Tac.

PRIORITY ACTION 2: EXPAND AIRFIELD CARGO FACILITIES FOOTPRINT

Consistent with the airport's Sustainable Airport Master Plan, airfield air cargo facilities will be relocated, redeveloped, or built new, on or directly adjacent to the airfield. Existing air cargo facilities not directly impacted by terminal expansion will require redevelopment to increase their processing efficiency. Preferably, the total inventory of air cargo warehouse facilities will remain on the airfield, however if insufficient area exists in the future, adjacent off-airfield land may be needed to bridge the gap, either on an interim basis, or permanently.

PRIORITY ACTION 3: BUILD STRATEGIC LOGISTICS PARTNERSHIPS

Sponsor the development of all available Port-owned land in the airport vicinity for use by air cargo and other logistics, manufacturing, and other supportive uses that contribute to growth in air cargo tonnage at Sea-Tac. Enhance global logistics presence at Sea-Tac and in the region.

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LONG RANGE PLAN  CENTURY AGENDA

Port 
of Seattle®

STRATEGY 4

LOGISTICS HUB

OBJECTIVE 14

REDUCE AIR POLLUTANTS AND CARBON EMISSIONS

REDUCE AIR POLLUTANT EMISSIONS BY 50% FROM 2005 LEVELS
REDUCE CARBON EMISSIONS FROM ALL PORT OPERATIONS BY 50% FROM 2005 LEVELS
REDUCE AIRCRAFT-RELATED CARBON EMISSIONS AT THE AIRPORT BY 25%

KEY METRIC

Particulate Matter (PM) 2.5 Emissions (metric tons)/(% reduced)
Diesel PM Emissions (metric tons)/(% reduced)
Port Greenhouse Gas Emissions (metric tons)/(% reduced)

PRIORITY ACTION 1: PROVIDE AVIATION BIOFUELS (AIRPORT JET FUEL)

As leaders in aviation biofuels, the Port, together with Alaska Airlines and the Boeing, have determined that the key first step to biofuel adoption and integration is to conduct an Aviation Biofuels Infrastructure Feasibility Study to identify the best approach to deliver blended biofuel to the Sea-Tac Airport. Biofuel infrastructure will make Sea-Tac Airport an attractive option for any airline committing to using biofuel, and will assist in attracting biofuel producers to the region

PRIORITY ACTION 2: SOURCE RENEWABLE NATURAL GAS

With a target to reduce carbon emissions from all Port operations by 50% over the next ten to twenty-five years, the Port must find a source of renewable natural gas (RNG) as over 70% of Port's carbon comes from using fossil-based natural gas or CNG in our boilers and bus fleet. The Port is actively looking for opportunities in Washington State to purchase RNG from sources such as waste water treatment plants, landfills, and dairy farms

PRIORITY ACTION 3: IMPLEMENT NORTHWEST SEAPORT CLEAN AIR MULTI-STAKEHOLDER STRATEGY

This is a joint strategy with the Port of Tacoma and Port Metro Vancouver with goals to reduce Diesel Particulate Matter by 80% per ton and Green House Gases by 15% per ton of cargo by 2020. Targets have been set together with the Port of Tacoma and Port Metro Vancouver for different activities to reduce Emissions in each of business sectors.

PRIORITY ACTION 4: DEVELOP AND IMPLEMENT GREEN FLEET STRATEGY

The Port is developing a Green Fleet Plan to reduce carbon emissions from the fossil fuels used by the Port vehicle fleet. This will include an evaluation of our current vehicle fleet, how the vehicles are used, and research and identify new vehicles that can provide the same service but with lower emissions.

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LONG RANGE PLAN



HIGH PERFORMANCE ORGANIZATION STRATEGIES



STRATEGY 1 CUSTOMER SATISFACTION

Objectives

1. Improve External Customer Service
2. Improve Internal Customer Service
3. Improve Process Efficiencies & Effectiveness



STRATEGY 2 SAFETY

Objectives

4. Reduce occupational injury rate and severity rate
5. All managers will lead safety performance



STRATEGY 3 ONE PORT

Objectives

6. Strengthen the culture and act as a single organization with a shared vision
7. Increase Port-wide common and standardized language, business processes, technology tools, and measures



STRATEGY 4 DIVERSITY & INCLUSION(D&I)

Objectives

8. Increase management accountability of D&I
9. Increase % of employees who agree that the Port is committed to D&I
10. Increase awareness internally and actively share D&I programs externally



STRATEGY 5 TALENT DEVELOPMENT

Objectives

11. Develop a strong talent pipeline
12. Foster awareness of Port-wide talent



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LONG RANGE PLAN  HIGH PERFORMANCE ORG



STRATEGY 1

CUSTOMER SATISFACTION

OBJECTIVE 1

IMPROVE EXTERNAL CUSTOMER SERVICE

KEY METRICS

Aviation - Airport Service Quality (ASQ)

Maritime and Economic Development Business Divisions developing baseline for Moorage Customers & Cruise Passengers

PRIORITY ACTION 1: EXECUTE THE AIRPORT'S MULTI-LAYERED CUSTOMER SERVICE PLAN APPROACH

The airport is focused on several key priority areas to improve the ASQ score. These areas include: airport restroom cleanliness, curb to gate speed, airport signage and wayfinding master plan, and terminal technology and connectivity

PRIORITY ACTION 2: DEVELOP AND IMPLEMENT A SYSTEM TO MANAGE AND TRACK EXTERNAL CUSTOMER SATISFACTION FOR CORPORATE PROPERTIES AND MARITIME

A customer satisfaction measurement program is under development for the Maritime and Economic Development business divisions. Plans for implementation is set for the 3rd quarter of 2016.

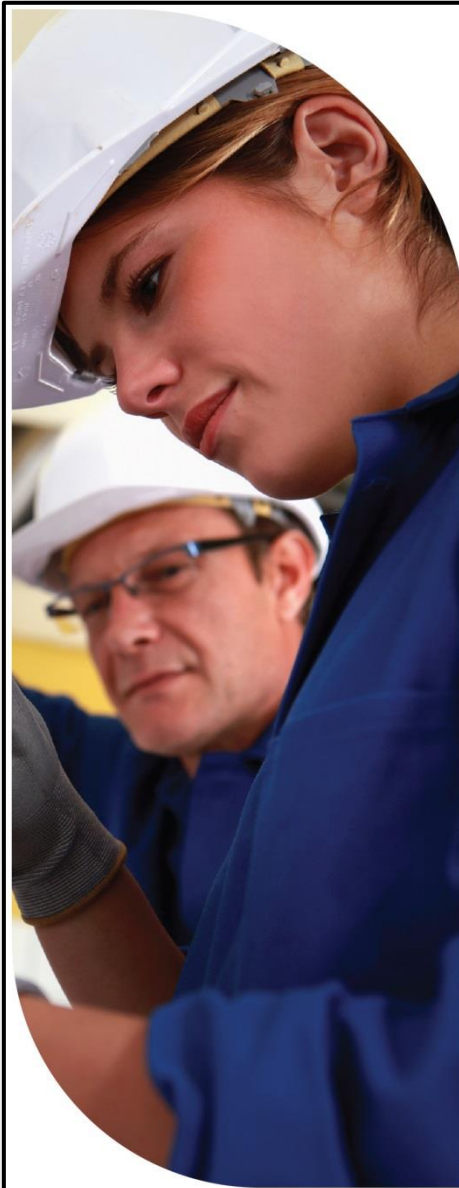
PRIORITY ACTION 3: PUBLIC AWARENESS & ENGAGEMENT SURVEY

In order to better understand public perception, the Port conducted a Countywide survey in spring 2016 that provided a baseline. Focus groups conducted in summer 2016 to probe into the survey results. Additional focus group research underway to inform the Sustainable Airport Master Plan.

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LONG RANGE PLAN  HIGH PERFORMANCE ORG



STRATEGY 5

TALENT DEVELOPMENT

OBJECTIVE 11 DEVELOP A STRONG TALENT PIPELINE

KEY METRIC

- % Executive team leaders have documented succession plans for their lead team and key positions
- % Port employees, non-represented, have document development plans
- % Port employees, represented, have document development plans

PRIORITY ACTION 1: DEVELOP AND IMPLEMENT THE 5-YEAR SUCCESSION PLANNING PROCESS

Work with Executive leadership and their lead team to identify and develop a strong pipeline of leaders across the organization

PRIORITY ACTION 2: DEVELOP AND IMPLEMENT THE LABOR RELATIONS STRATEGY TO INCREASE NUMBER OF REPRESENTED EMPLOYEES WITH DEVELOPMENT PLANS

Work with individual bargaining units to develop and implement a plan so that represented employees have opportunities for their development

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LONG RANGE PLAN SCORECARD PERFORMANCE TO PLANS



CENTURY AGENDA	
STATUS	Strategy 1: Logistics Hub
	Obj. 1 Grow seaport annual container volume to more than 3.5 million TEUs
	Obj. 2 Optimize infrastructure investments & financial returns w/ Washington Ports
	Obj. 3 Triple air cargo volume to 750,000 metric tons
	Obj. 4 Triple the value of our outbound cargo to over \$50 billion
	Obj. 5 Double the economic value of the fishing and maritime cluster
STATUS	Strategy 2: Tourism & Business Gateway
	Obj. 6 Make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel
	Obj. 7 Double the number of international flights and destinations
	Obj. 8 Meet the region's air transportation needs at the Airport for the next 25 years & encourage the cost effective expansion of domestic and int'l PAX & cargo service
	Obj. 9 Double the economic value of cruise traffic to Washington state
STATUS	Strategy 3: Small Business & Workforce Development
	Obj. 10 Increase the proportion of funds spent by the Port w/ qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent
	Obj. 11 Increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics
STATUS	Strategy 4: Greenest & Most Efficient Port
	Obj. 12 Meet all increased energy needs through conservation and renewable
	Obj. 13 Meet or exceed agency requirements for storm water
	Obj. 14 Reduce air pollutants and carbon emissions
	Obj. 15 Anchor the Puget Sound urban industrial land use to prevent sprawl
	Obj. 16 Restore, create, & enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay

HIGH PERFORMANCE ORGANIZATION	
STATUS	Strategy 1: Customer Satisfaction
	Obj. 1: Improve External Customer Service
	Obj. 2 Improve Internal Customer Service
	Obj. 3 Improve process efficiencies & effectiveness
STATUS	Strategy 2: Safety
	Obj. 4 Reduce occupational injury rate & severity rate
	Obj. 5 All managers will lead safety performance
STATUS	Strategy 3: One Port
	Obj. 6 Strengthen the culture and act as a single organization with a shared vision
	Obj. 7 Increase Port-wide common & standardized language, business processes, tools, & measures
STATUS	Strategy 4: Diversity & Inclusion
	Obj. 8 Increase management accountability for diversity & inclusion (D&I)
	Obj. 9 Increase percentage of employees who agree that the Port is committed to D&I
	Obj. 10 Increase awareness of our D&I programs internally and actively share the Port's D&I programs externally to the public
STATUS	Strategy 5: Talent Development
	Obj. 11 Develop a strong talent pipeline
	Obj. 12 Foster awareness of Port-wide talent

Status Key	
	Completed
	On Track
	Assessing Performance to Plan
	Mitigation to be developed
	Not Started
Obj.	Objective

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PORT WIDE STRATEGIC PLANNING CYCLE



LRP CA
Dashboard
Commission
Review
February and
August each
year (starting
in 2017)

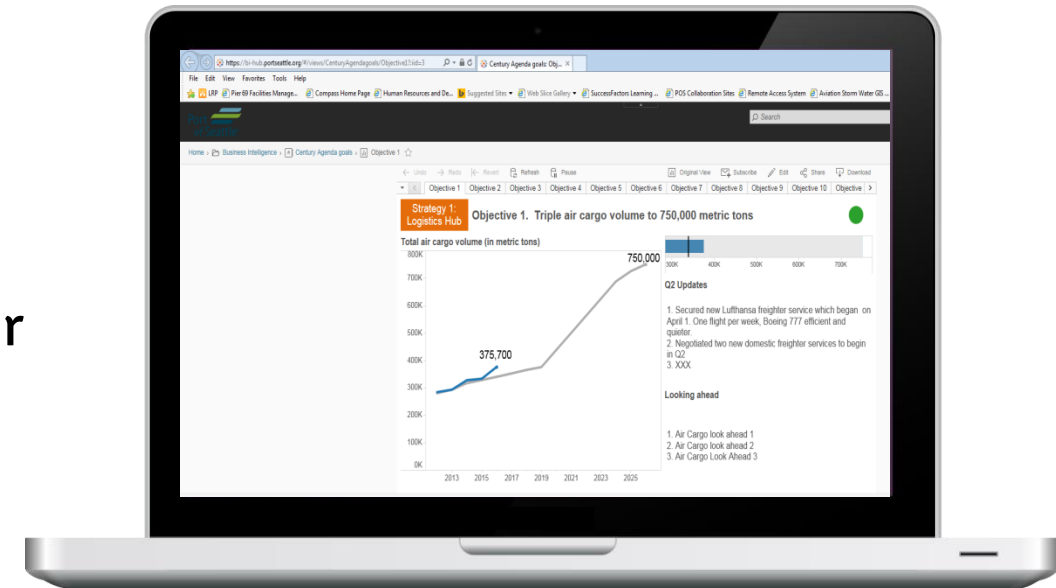


LRP CENTURY AGENDA DASHBOARD

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LRP Century Agenda Dashboard Overview

- Reviewed by Commission twice per year to report progress on Century Agenda commitment
- Accessible online by staff to also monitor progress
- In-House Dashboard solution implemented this year
- Dashboard + Integrated Project Management functionality implement in 2017 to improve efficiency and effectiveness



Demonstrates progress and strengthens accountability

LRP Century Agenda Scorecard Measures

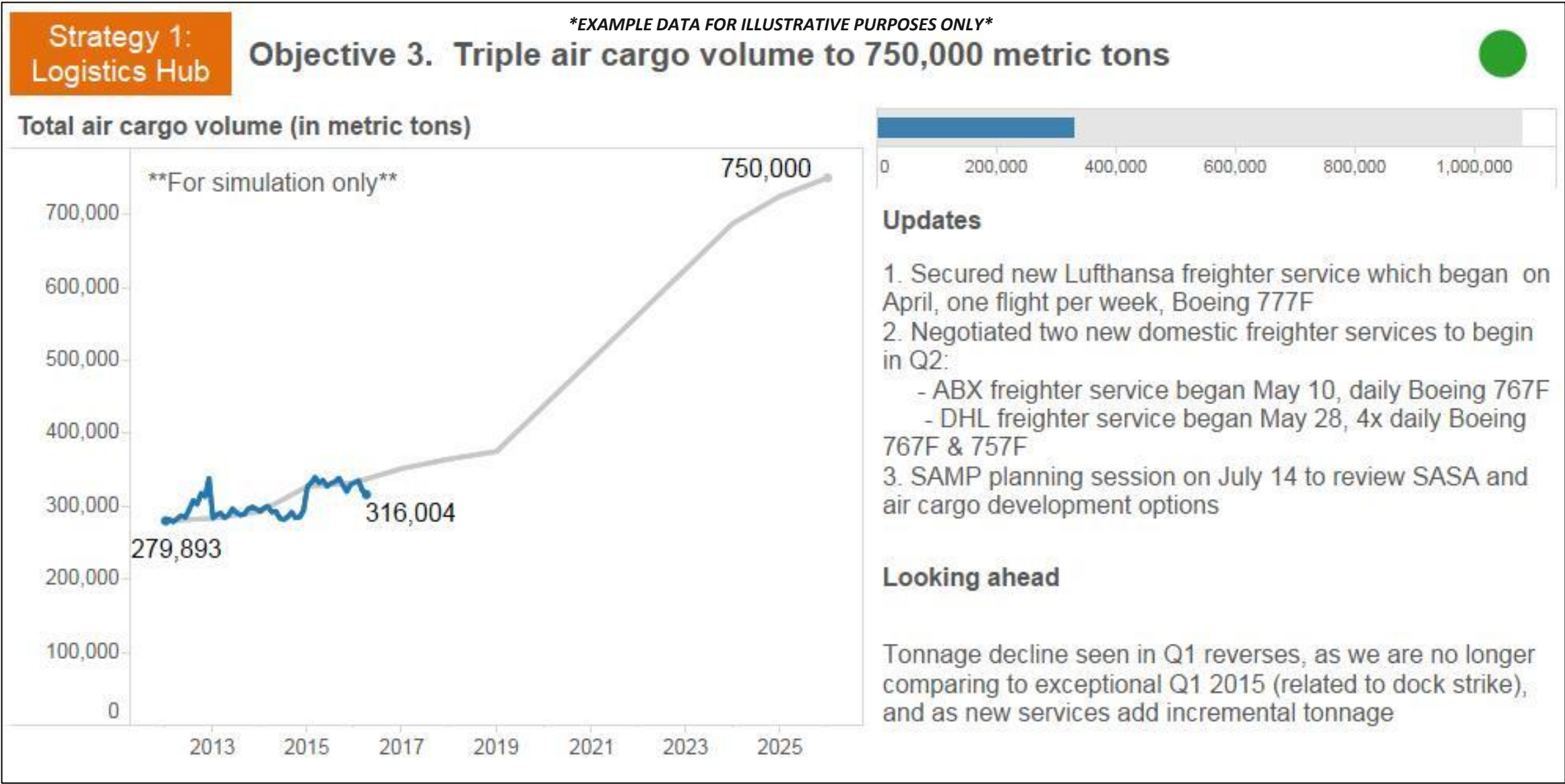
Port of Seattle Economic Performance Measures		
Economic Impact	Key Metrics	Targets
Aviation	Jobs, Income, Revenue, Local Purchases & Taxes	Baselines established; Analysis underway to determine targets
Maritime	Jobs, Income, Revenue, Local Purchases & Taxes	Baselines established; Analysis underway to determine targets
Other (i.e. Real Estate)	Jobs, Income, Revenue, Local Purchases & Taxes	Baselines established; Analysis underway to determine targets

Strategy 1: Logistics Hub	Key Metric	Enabling Metric	5-YR Target (2021)	10-YR Target (2026)
CA△ Obj. 1 Grow seaport annual container volume to more than 3.5 million TEUs	NWSA Container Volume	N/A	TBD	TBD
CA△ Obj. 2 Optimize infrastructure investments & financial returns w/ Washington Ports	NWSA ROA	N/A	TBD	TBD
Obj. 3 Triple air cargo volume to 750,000 metric tons	Air Cargo Volume (Metric Tons)	Space Utilization	TBD	750K Metric Tons
CA△ Obj. 4 Triple the value of our outbound cargo to over \$50 billion	NWSA Cargo Value Air Cargo Value	N/A	TBD	
Obj. 5 Double the economic value of the fishing and maritime cluster	Maritime & Fishing Revenue	N/A	Determining baseline	TBD
Strategy 2: Tourism & Business Gateway				
Obj. 6 Make Sea-Tac Airport the West Coast “Gateway of Choice” for international travel	Market Share	N/A	Determining baseline	TBD
Obj. 7 Double the number of international flights and destinations	# of air services # of intl. destinations	N/A	25 - # of air services 18 - # of intl. destinations	27 - # of air services 21 - # of intl. destinations
Obj. 8 Meet the region’s air transportation needs at the Airport for the next 25 years & encourage the cost-effective expansion of domestic and int’l PAX & cargo service	Cost per enplanement Million annual PAX	N/A	TBD	TBD
Obj. 9 Double the economic value of cruise traffic to Washington state	Cruise Economic Value	N/A	Determining baseline	TBD

LRP Century Agenda Scorecard Measures

	Strategy 3: Small Business and Workforce Development	Key Metric	Enabling Metric	5-YR Target (2021)	10-YR Target (2026)
IPP	Obj. 10 Increase the proportion of funds spent by the Port w/ qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent	Funds Spent on SBE	WMBE Spending	40% SBE	40% SBE
	Obj. 11 Increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics	Placements in jobs	Training Completions	TBD	TBD
Strategy 4: Greenest & Most Energy Efficient Port					
IPP	Obj. 12 Meet all increased energy needs through conservation and renewable sources	Energy Use Reduction (MMBTU)	<ul style="list-style-type: none"> • Energy Conservation • Renewable Energy 	TBD	TBD
IPP	Obj. 13 Meet or exceed agency requirements for storm water	<ul style="list-style-type: none"> • Airport treatment (% acres) • Maritime Conveyance Rehabilitation (% Linear Feet completed) 	N/A	100% each year - Airport 75% - Maritime	100% each year – Airport 75% - Maritime
IPP	Obj. 14 Reduce air pollutants and carbon emissions	Carbon Emissions - Particulate Matter (PM) 2.5 - Diesel PM (DPM) - Port Greenhouse Gas (GHG)	<ul style="list-style-type: none"> • PM 2.5 (metric tons)/(% reduced) • DPM (metric tons)/(% reduced) • GHG (metric tons)/(% reduced) 	TBD	PM 2.5 & DPM – 50% Reduction
IPP	Obj. 15 Anchor the Puget Sound urban industrial land use to prevent sprawl	<ul style="list-style-type: none"> • Remediation of contaminated sites • Industrial land (acres) 	TBD	TBD	2,395 Acres by 2025
IPP	Obj. 16 Restore, create, & enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay	Habitat Restoration (acres)	N/A	20 total acres by 2020	40 total acres by 2025

LRP Century Agenda Example Web-based Dashboard



EXAMPLE DATA FOR ILLUSTRATIVE PURPOSES ONLY

LRP Century Agenda Example Web-based Dashboard

Strategy 2:
Tourism & business
gateway

EXAMPLE DATA FOR ILLUSTRATIVE PURPOSES ONLY

Objective 6. Make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel



Market share by International connecting flights
Includes direct competition and non-direct competition



Updates

USDOT has awarded Port Angeles a \$200K grant for air service development which will aid in our efforts to restore service between that community and SEA

Looking ahead

Xiamen Airlines announced Shezhen service to begin Sept. 26

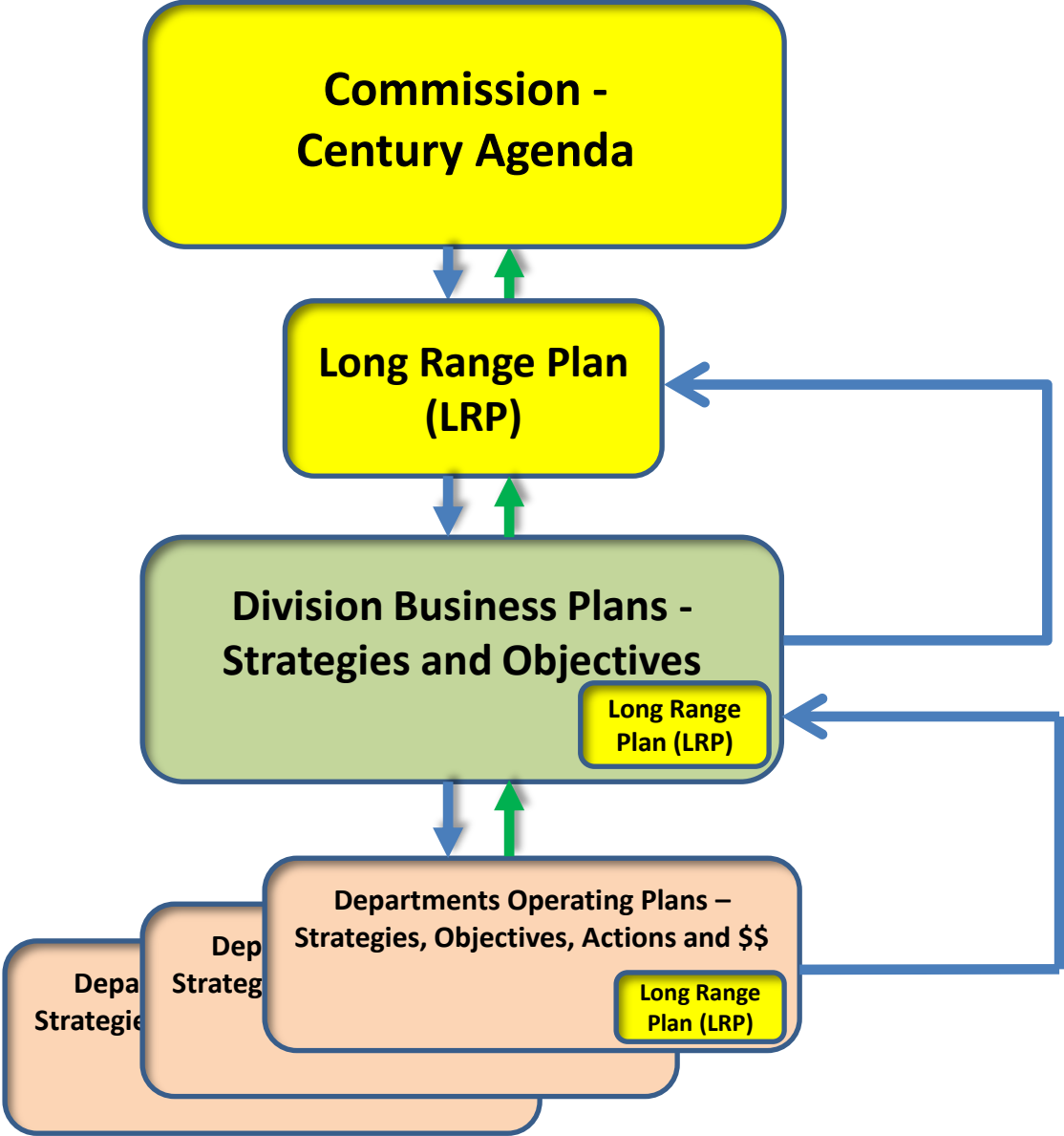
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STRATEGIC POSITIONING FOR GROWTH

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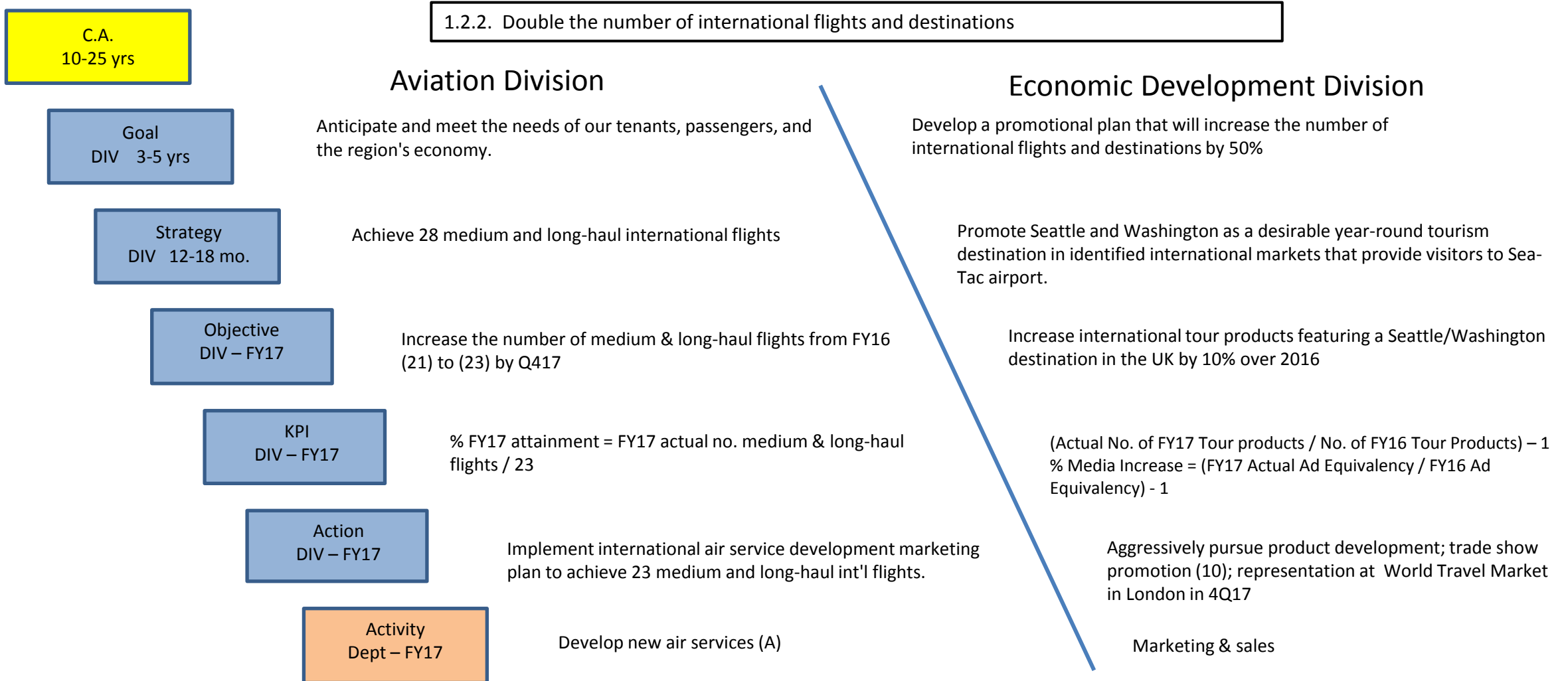
Process Overview

Relationship between CA, LRP, Bus Plans, & SPG Project



SPG Project operationalized CA at Dept level via the LRP

SPG Century Agenda Alignment



Process Overview of Century Agenda to Division's Strategies/Actions

Strategic Positioning for Growth

Century Agenda Alignment

Century Agenda	Primary LRP Category	Operational Alignment Reference	DIVISION GOAL	DIVISION STRATEGY	DIVISION OBJECTIVE	KPI	DIVISION ACTION	Describe Activity
Century Agenda - Tourism and Business Gateway	Aviation	1.2.2. Double the number of international flights and destinations	Anticipate and meet the needs of our tenants, passengers, and the region's economy.	Achieve 28 medium and long-haul international flights	Increase the number of medium & long-haul flights from FY16 (21) to (23) by Q417	FY17 actual number of medium & long-haul flights = 23 NLT 12/31/17 '% FY17 attainment = FY17 actual no. medium & long-haul flights / 23	Implement international air service development marketing plan to achieve 23 medium and long-haul int'l flights.	Develop new air services (A)
Century Agenda - Tourism and Business Gateway	Aviation	1.2.2. Double the number of international flights and destinations	Anticipate and meet the needs of our tenants, passengers, and the region's economy.	Achieve 22 international destinations	Increase the number of international destinations from FY16 amount of 15 to 16 in FY17 by Q417	FY17 actual number of international destinations = 16 NLT 12/31/17 '% FY17 attainment = FY17 actual no. international destinations / 23	Implement international air service development marketing plan to achieve 16 int'l destinations.	Develop new air services (B)
Century Agenda - Tourism and Business Gateway	Aviation	1.2.2. Double the number of international flights and destinations	Achieve Top 5 ranking among 25 selected North American peers in 2020 ACI Airport Service Quality (ASQ) survey	Achieve international minimum connect time of 75 minutes by 2019	Increase airline utilization of Express Connect passengers from 3% to 4% outside the noon peak by Q417	% Attainment in FY17 - Actual passenger use of Express Connect / Total number of passengers	Achieve full enrollment of air carriers in CBP Express Connect Program	Federal Inspection Service (FIS) –
Century Agenda - Tourism and Business Gateway	Aviation	1.2.2. Double the number of international flights and destinations	Anticipate and meet the needs of our tenants, passengers, and the region's economy.	Achieve 28 medium and long-haul international flights	Increase the number of medium & long-haul flights from FY16 (21) to (23) by Q417	FY17 actual number of medium & long-haul flights = 23 NLT 12/31/17 '% FY17 attainment = FY17 actual no. medium & long-haul flights / 23	Implement international air service development marketing plan to achieve 23 medium and long-haul int'l flights.	Promote airport and its air service
Century Agenda - Tourism and Business Gateway	Aviation	1.2.2. Double the number of international flights and destinations	Anticipate and meet the needs of our tenants, passengers, and the region's economy.	Achieve 22 international destinations	Increase the number of international destinations from FY16 amount of 15 to 16 in FY17 by Q417	FY17 actual number of international destinations = 16 NLT 12/31/17 '% FY17 attainment = FY17 actual no. international destinations / 23	Implement international air service development marketing plan to achieve 16 int'l destinations.	Promote airport and its air service

Aligning Century Agenda to Division's Strategies/Actions

Strategic Positioning for Growth

Century Agenda Alignment

Century Agenda	Primary LRP Category	Operational Alignment Reference	DIVISION GOAL	DIVISION STRATEGY	DIVISION OBJECTIVE	KPI	DIVISION ACTION	Describe Activity
Century Agenda - Tourism and Business Gateway	EDD	1.2.2. Double the number of international flights and destinations	Develop a promotional plan that will increase the number of international flights and destinations by 50%	Promote Seattle and Washington as a desirable year-round tourism destination in identified international markets that provide visitors to Sea-Tac airport.	Increase international tour products featuring a Seattle/Washington destination in the UK by 10% over 2016	(Actual No. of FY17 Tour products / No. of FY16 Tour Products) - 1	In concert with POS International Representative firm, product development with UK outbound tour operators, 10 trade tours to PNW, World Travel Market	Marketing & Sales
Century Agenda - Tourism and Business Gateway	EDD	1.2.2. Double the number of international flights and destinations	Develop a promotional plan that will increase the number of international flights and destinations by 50%	Promote Seattle and Washington as a desirable year-round tourism destination in identified international markets that provide visitors to Sea-Tac airport.	Increase media coverage (advertising equivalency) by 10% over 2016.	% Media Increase = (FY17 Actual Ad Equivalency / FY16 Ad Equivalency) - 1	In concert with POS International Representative firm, media coverage in UK, print organizations and writers in the UK, 5 media travel tours to the PNW	Marketing & Sales

Aligning Century Agenda to Division's Strategies/Actions

Strategic Positioning for Growth Century Agenda Alignment

	2017 Baseline Budget Operational Alignment						
Primary Strategy	2017 Baseline Budget Operational Alignment	Aviation Division	EDD	Maritime Division	Grand Total	% of Total/Subtotal	
	Century Agenda	XXX	XXX	XXX	XXX	XX%	
	HPO	XXX	XXX	XXX	XXX	XX%	
	Subtotal Century Agenda and HPO	XXX	XXX	XXX	XXX	XX%	
	Div Only Strategy	XXX	XXX	XXX	XXX	XX%	
	Total	XXX	XXX	XXX	XXX	XX%	
	<i>% Related to Century Agenda and HPO</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XX%</i>	
1.1.	Position the Puget Sound region as a premier international logistics hub	XXX	XXX	XXX	XXX	XX%	
	<i>% Related to Century Agenda and HPO</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XX%</i>	
1.2.	Advance this region as a leading tourism destination and business gateway	XXX	XXX	XXX	XXX	XX%	
	<i>% Related to Century Agenda and HPO</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XX%</i>	
1.3.	Use our influence as an institution to promote small business growth and workforce development	XXX	XXX	XXX	XXX	XX%	
	<i>% Related to Century Agenda and HPO</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XX%</i>	
1.4.	Be the greenest and most energy efficient port in North America	XXX	XXX	XXX	XXX	XX%	
	<i>% Related to Century Agenda and HPO</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XX%</i>	
	Total	XXX	XXX	XXX	XXX	XX%	
	<i>% Related to Century Agenda and HPO</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XXX</i>	<i>XX%</i>	
Primary Strategy	2017 Baseline Budget Operational Alignment	Aviation Division	EDD	Maritime Division	Grand Total	% of Total/Subtotal	
1.2.	Advance this region as a leading tourism destination and business gateway	XXX	XXX	XXX	XXX	XX%	
	1.2.1. Make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel	XXX	XXX	XXX	XXX	XX%	
	1.2.2. Double the number of international flights and destinations	XXX	XXX	XXX	XXX	XX%	

Driving Century Agenda Division's Strategies/Actions to Budget \$s

BUDGET CONSIDERATIONS BEYOND LRP

(5 OF 5)

Aviation: Industry & Business Trends

- Airline industry continues to be profitable
 - U.S. airline industry profitable each year 2010-2015
 - Low fuel cost, efficiencies from consolidation, drove record profits in 2015
 - Alaska and Delta have been particularly profitable
- National and international economic uncertainties, but regional economy continues to grow, fueling travel demand
 - Population and income growth for Puget Sound area exceed national averages
- Competitive airline environment:
 - Alaska Air Group in midst of acquiring Virgin America
 - Delta continuing to grow hub at Sea-Tac
- Growth at Sea-Tac in all areas: new domestic, international and cargo carriers initiated service in 2016

Regional economy and airline competition driving growth at Sea-Tac

Aviation: Major Challenges

- Growth at Sea-Tac continues to exceed anticipated levels
 - Sea-Tac among fastest growing airports in U.S.
 - Will exceed 45 million passengers in 2016
 - Connecting traffic grew faster than originating traffic in 2015
 - Connecting traffic accounted for 61% of growth in 2015
- 35%+ growth in 4 years creating near-term facilities and customer service challenges
- Need/desire to provide facilities that meet growing demands in environmentally friendly way

Passenger Growth Rate		O&D
	Actual	Percent
2013	4.8%	74%
2014	7.7%	74%
2015	12.9%	70%
2016	9.0%	Est.

2017 Budget will reflect plans to address challenges of growth

Aviation: 2017 Budget Preview

2017 operating and capital budgets will reflect resource needs to implement long range plans and to meet near-term operational and facility needs

Operating Budget Needs	Capital Budget Needs
Improve customer service	Shortage of gates: Concourse D Ramp Operations terminal; Concourse B gate reconfiguration
Improve facility cleanliness	Baggage system capacity: C-61
Enhance security	Terminal space shortage: C-1 building expansion
Complete SAMP & environmental review	Roadway congestion: widen arrivals approach
Next phase of flight corridor safety program	Aging infrastructure: renewal & replacement

2017 budget will reflect strategic and operational priorities

Maritime: Industry & Business Trends

- Cruise market continues to grow, Terminal 91 receives the two largest vessels on the west coast, expect continued vessel growth
- Alaska commercial fishing industry remains strong
- Current economy boosting interest in boating and boat sales
- Seattle/Puget Sound maritime industrial market has been consistent and steady

Development of Tug Business, Shoulder Season Cruises, Fish Process Expansion Offer Promise

Maritime: Major Challenges

- Overcoming limitations to expansion of cruise & fishing operations
- Retaining customers during capital improvement projects
- Balancing Port initiatives with operational work and requirements
- Adapting facilities & operations to meet dynamic regulatory environment
- Shifting vessel mix - decline of small fishing boat fleet (<40') - empty slips too small for growing larger vessel fleet
- Variability/weakening demand in world grain markets
- Aging of recreational boating community
- Many capital & expense projects in the plan

Growth and On-going Maintenance Needs will be reflected in 2017 Budget

Maritime: 2017 Budget Preview

Operating Budget Needs	Capital Budget Needs
On-going Maintenance Activities	Replace Net Shed Roofs
Customer Service Surveys	Pier 91 South Fender System
FT Strategic Plan Implementation	FT Strategic Plan Capital Construction
Energy Conservation Projects	Rehabilitation at Harbor Island Marina Docks
Cruise Passenger Experience Improvements	Cruise Terminal Tenant Upgrades
Stormwater Utility Implementation	Stormwater System Expenditures

Organizational Growth and Century Agenda Demands Fueling Need for Resources

Economic Development: Industry & Business Trends

- Real Estate and Business Development
 - Strong regional economy drives land development and business expansion
- Real Estate Portfolio Management
 - Overall vacancy rates are down in Puget Sound, but increases industrial rate per sq. ft. are lagging
 - Increasing costs and reduced availability for craft labor driving up tenant improvement costs
- Tourism - Growth in both domestic and international travel
- Workforce Development -
 - Increasing demand for aviation workforce driven by SeaTac growth
 - Low employment rates puts premium on talent acquisition and development
- Small Business
 - Construction boom drives opportunities for small contractors and service providers
 - Access to capital and good management still critical to business survival

King County Economic Growth Provides Expansion and Development Opportunities

Economic Development: Major Challenges

- Hot real estate market and rising rents impacting small manufacturers (and other sectors). Affordable space especially difficult to find in Seattle
- Aging facilities require updating in order to effectively compete
- Highly competitive market for commercial leasing and conference facilities
- Ongoing transportation projects limiting access to properties and creating uncertainty in the market
- Lack of statewide tourism marketing program puts Washington State at disadvantage in highly competitive travel market
- Ethnic communities and businesses face barriers to participate and benefit from strong economic tide

Growth Creating Issues for Property Owners, Small Business and Ethnic Communities Users

Economic Development: 2017 Budget Preview

Budget based on managing Port real estate needs and supporting regional economic growth

Operating Budget Needs	Capital Budget Needs
Implementation support for RE Strategic Plan	RE Strategic Plan pre-development work at T91 , FT, and/or other locations
Oversight and maintenance of aging facilities	Improvements at Bell Harbor International Conf. Center
Expansion of Workforce Development programs	P69 lobby updates
Small business programs such as Incubators and PortGen	Tenant improvements of which many are expensive
Tourism expansion programs	Structural building/facility work such as T102 roof replacement P66 elevators

2017 budget will reflect strategic and operational priorities