

## Overview -- NWSA Strategic Business Plan and 2017 Performance Goals & Expectations

Looking back on 2016, the first full year of The Northwest Seaport Alliance (NWSA), the success is clear. Despite a troubled industry filled with uncertainty, the NWSA held its ground – and looks to build on that success into the future. For decades we have heard Washington described as “the most trade -dependent” state – but we know it is not just dependency, it is opportunity. Our ability to look beyond our borders allows us to diversify our economy, weather economic crisis, enrich our culture with the infusion of international perspective and make a lasting impact on the world. This ability is inextricably linked to the success of the gateway.

The foundations of the NWSA Ten-Year Strategic Business Plan Goals are anchored in the “Strategies for Enhancing the Puget Sound Container Trade Gateway” report commissioned by the managing members in 2014. The NWSA Strategic Business Plan four strategic goals are:

- Enhance the competitive position of The Northwest Seaport Alliance
- Provide reliable and efficient regional and local infrastructure connections
- Improve the NWSA financial position
- Advance environmental stewardship

Many of the attached 2017 Performance Goals involve multiple business plan initiatives and reflect the interwoven benefit from each specific area of work. At its essence, the NWSA business plan seeks to deliver the following three outcomes:

- I. **Gateway Growth and Optimization:** The shipping industry is in a state of flux, with recent bankruptcies and mergers that is unlikely to end in 2017. Despite this volatility, the move to larger ships is clear. Those who don't prepare now for these fleets will be late to market with strategic terminals and miss out. We must continue to focus on key initiatives targeted at cargo diversification, developing rail infrastructure and major investments in terminal modernization at both T-5 in the North Harbor and the General Central Peninsula in the South Harbor - with a focus on sustainability and environmental stewardship.
- II. **Gateway Service Delivery Excellence:** We are committed to providing best-in-class service delivery within the gateway and we will continue to focus on the *ease of doing business* for our customers. By deploying a proactive customer outreach program and using key performance metrics to tell us what works and what doesn't, we can make informed decisions about where to invest time and resources. We invest in comprehensive systems that maximize consistent, efficient cargo flows. Our initiatives include both innovative technologies and best practices from around the globe.
- III. **Gateway Business Environment:** For the alliance to continue to succeed, we must pay attention outside of our properties and support the health of the entire system. We are dependent on a well-functioning transportation system that can move people and goods. In our advocacy role we will continue to fight for comprehensive transportation investments. A regulatory system focused on preserving and protecting what we love about the Puget Sound, while providing predictability and consistency for those navigating it, is vital to the long term success of the gateway. We must build a culture of exporting and business awareness of how we can leverage our economic gateway, a vital ingredient to our state and regional prosperity.

The sum of this work is a busy and audacious agenda for 2017, including other key activities with environmental stewardship, community engagement and the continued NWSA transition. By executing on the attached 2017 Performance Goals and Expectations, the NWSA will build upon its momentum, maximize organizational clarity and effectiveness.

**We put unrelenting focus on anticipating challenges and providing operational excellence and the best complete value to our customers worldwide. We know that our customers' success is also ours. Our focus on ease of doing business is what sets the alliance apart from our competitors.**

**From our Managing Members to alliance staff, we are ready to meet these challenges and move toward our 2025 Key Metrics of: 6 million TEU cargo growth, 14,600 incremental jobs created and continued financial sustainability.**

# 2017 NWSA Performance Goals and Expectations

## Sustain and Enhance Business Development (Scorecard: Cargo)

### (Key Priorities for 2017 and beyond)

### Performance Measure

<p><b>1. T-5 Modernization Project</b> Modernization of T5 dock, berth and power infrastructure to meet future container industry requirements, increase throughput, and position The Northwest Seaport Alliance gateway strategically.</p> <ul style="list-style-type: none"> <li>• Seek multi-year term lease commitment for T5</li> <li>• Advance T-5 modernization project to construction (Wharf, power, berth dredging)</li> </ul>	<ul style="list-style-type: none"> <li>• Favorably position multi-year lease commitment with customers</li> <li>• Legal resolution of all permits; Position project for MM decision on construction funding</li> </ul>
<p><b>2. General Central Peninsula Modernization Project</b> Modernization of T4 dock, berth, CY and gate complex to meet container customer requirements, increase throughput, and position the Northwest Seaport Alliance gateway strategically.</p> <ul style="list-style-type: none"> <li>• Seek term Lease w/tenant for OCT</li> <li>• Complete construction of GCP Phase II</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial completion of the initial 700 feet of the pier in 1Q2017 in time for delivery and commissioning of (4) cranes in 1Q2018</li> <li>• Develop design and permitting documents for GCP Gate and backlands 4Q2017.</li> <li>• Secure Yang Ming business post the OCT lease expiration June 2017</li> <li>• Secure customer commitment for the OCT footprint</li> </ul>
<p><b>3. Increase Cargo Diversification for the gateway</b></p> <ul style="list-style-type: none"> <li>• Expand breakbulk, auto and industrial maritime activity at properties in North and South Harbor.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase customer base and non-container cargo volumes</li> <li>• Seek term lease(s) at strategic properties in N &amp; S Harbor, in coordination with container business strategy.</li> </ul>
<p><b>4. Enhance Gateway Productivity, Efficiency and Operational Performance</b></p> <ul style="list-style-type: none"> <li>• Implement the Dray Q system in order to provide accurate and real-time tracking of drayage turn times</li> <li>• Implement a year-round financially sustainable extended gate service program</li> <li>• Launch a pilot program in order to improve the efficiency of the local drayage segment of the supply chain</li> <li>• Implement the initial phase of a Port Community System that provides a single platform for the supply chain to exchange operational data</li> <li>• Coordinate with terminal operators and labor to seek implementation of continuous vessel operations, where applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance service delivery KPIs and establish performance dashboards for internal and external use</li> <li>• Increase Crane Productivity towards a strategic target of 30+ moves per hour</li> <li>• Reduce Drayage Turn Times towards a strategic target of 60 minutes or less</li> <li>• Reduce Intermodal Transit towards a strategic target of 144 hour average or less</li> </ul>

## Sustain and Enhance Business Development (Scorecard: Cargo) – Continued

(Key Priorities for 2017 and beyond)	Performance Measure
<p><b>5. Intermodal Rail Product Enhancements</b></p> <ul style="list-style-type: none"> <li>• Develop and implement a comprehensive rail strategy which may include an incentive program with contributions from NWSA and other key stakeholders.</li> <li>• Develop an inland port and short-haul rail product for NW exporters between Central WA and the NWSA in partnership with other key stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Year-over-year increase in intermodal rail cargo volume</li> <li>• Increase NWSA market share of transpacific discretionary cargo</li> </ul>
<p><b>6. Harbor Maintenance Tax Reform</b></p> <ul style="list-style-type: none"> <li>• Build support among the regional/national port community for revisions to the HMT that address donor port equity and international competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Seek to obtain agreement within AAPA for comprehensive HMT reform</li> <li>• Seek to obtain full-use of the trust fund for its intended purpose</li> <li>• Seek to obtain 2106 funding becoming permanent and part of the trust fund</li> <li>• Pursue agreement on annual funding levels for donor ports</li> <li>• Seek to obtain the use of rebate funds are aligned with NWSA interests</li> </ul>

## Deliver Superior Financial Performance (Scorecard: Financial Returns)

(Key Priorities for 2017 and beyond)	Performance Measure
<p><b>1. Effectively manage the 2017 operating activities to deliver expected financial results</b></p>	<ul style="list-style-type: none"> <li>• Meet or exceed the budgeted 2017 net operating income and distributed cash</li> </ul>

## Quality Jobs Creation (Scorecard: Job Creation)

(Key Priorities for 2017 and beyond)	Performance Measure
<p><b>1. Complete 2017 transition activities</b></p> <p><b>2. Community/Industry Outreach Program</b></p> <ul style="list-style-type: none"> <li>• Execute a proactive engagement strategy with stakeholders and the community to advance the brand, value and support of the NWSA (i.e. city governments, chambers of commerce, rotary, community groups, etc.)</li> <li>• Build a more robust external business intelligence capability</li> <li>• Enhance Washington distribution center capabilities and shipper recruitment</li> </ul>	<ul style="list-style-type: none"> <li>• Complete Total Rewards assessment and implementation of action items planned for 2017</li> <li>• Expand and implement comprehensive Diversity &amp; Inclusion Program</li> <li>• Provide NWSA Headquarter location recommendation</li> <li>• Our local communities better understand the value proposition of trade and ports to the State and support NWSA priorities; benchmark and establish baseline metric of NWSA-community understanding</li> <li>• Annual report on business and economic trends in the marketplace that assist in the development of new business</li> </ul>

## Demonstrate Environmental Stewardship (Scorecard: Environmental Stewardship)

(Key Priorities for 2017 and beyond)	Performance Measure
<p><b>1. Identify and develop maritime industrial stormwater treatment best management practices</b></p> <ul style="list-style-type: none"><li>• Establish a NWSA Stormwater Work Group – includes tenants, agencies and external stakeholders.</li></ul>	<ul style="list-style-type: none"><li>• Maintain permit compliance for Alliance stormwater permits</li><li>• Facilitate quarterly meetings in Harbor South and North to promote compliance of tenant stormwater permits</li><li>• Improve source control on a minimum of 50 acres by 4Q 2017</li><li>• Evaluate the utility of a Northwest Ports Water Quality Plan, with POS, POT and Port of Vancouver, BC by 4Q 2017</li></ul>
<p><b>2. Continue to implement the Northwest Ports Clean Air Strategy</b></p> <ul style="list-style-type: none"><li>• Reduce DPM emissions per metric ton of cargo by 80% by 2020, relative to the 2005 baseline</li><li>• Reduce GHG emissions per metric ton of cargo by 15% by 2020, relative to the 2005 baseline</li></ul>	<ul style="list-style-type: none"><li>• Complete the 2016 Northwest Ports Emissions Inventory by Q4 2017</li><li>• Scrap a minimum of 40, 2006 or older drayage trucks by Q4 2017 for a total of 315 since 2009</li><li>• Establish a NWSA Steering Committee to assist with Clean Truck Program Unification and provide quarterly briefings to the Managing Members regarding status of Clean Truck Program</li><li>• Evaluate the 2011 Green Gateway carbon footprint study by Q4 2017</li><li>• Pilot truck wait time reduction technologies and best practices by Q1 2017</li><li>• Increase number of container terminals with fuel efficiency plans by 25% by Q4 2017</li><li>• Complete Green Marine self-assessment by Q2 2017</li><li>• Develop a NWSA terminal shore-power strategy</li></ul>

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