



Port of Seattle

Century Agenda: Expert Panels' Recommended Guiding Principles

August 4, 2009

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Introduction

The Port of Seattle began updating its strategic plan in 2008 by creating a "Century Agenda" - a vision for carrying out the Port's mission in the first quarter of this century. The Port plans to adopt the Century Agenda in time for the 2011 celebration of the port's centennial.

The goal of the Century Agenda is to refresh the Port's strategic plan, using a four-year process that builds on the accomplishments of the past century while looking toward the emerging challenges of this century. This four-year process is not moving ahead as quickly as foreseen, due to the demands of implementing reforms generated by the SAO Performance Audit and Resolution 3605, and employee furloughs in response to the economic downturn.

The Century Agenda is an opportunity to engage the broader community in helping shape a common vision for how the Port of Seattle can best serve the public interest. It was conceived as a collaborative planning process, open to the public, engaging Port stakeholders, including customers, tenants, business interests, neighborhoods, partner agencies, civic organizations, advocacy groups, King County residents, and employees.

To develop the Century Agenda, the Port convened four expert panels of stakeholders to inform the Port's initial thinking on some of the key emerging issues facing the Port. The expert panels covered four areas: Green Port Strategy, Real Estate and Land Use, Social Responsibility, and Funding Strategy. Each panel consisted of volunteer stakeholder representatives, at least one Port Commissioner, and a senior Port executive.

This document presents the Guiding Principles recommended by each of the four panels, along with the supporting rationale for each recommended principle. During the panel discussions, several recurring themes emerged that were common among all four panels. These are presented here as "Shared Principles."

Once adopted, the Commission will start the next phase of implementing these principles in 2010. The principles of the Century Agenda will be fully integrated into the Port's long-term strategy by 2011, in time for the Port's centennial celebration.

Shared Principles

Panelists agreed that the Port's activities should be focused on economic development through its core business activities, but thought that the Port's current mission statement, "Create Economic Vitality Here," could be clarified by using the following criteria to evaluate policy and strategic direction.

1. The Port will be a catalyst for:

- **The flow of trade and commerce**
- **The health of its commercial maritime, commercial fishing, cruise business, and aviation enterprises**
- **The generation of economic and employment opportunities from its core business**
- **The maintenance and management of public assets to serve the long term public interest**
- **Environmentally sustainable growth**

2. The Port will measure its success against economic, social and environmental indicators.

The panel members endorsed the Port's "triple bottom line" policy as particularly relevant to a public agency that enhances economic growth in the public's long-term interest and urged that Port programs continue to be measured in each of these areas.

3. The Port's policies and programs should respond to the needs of its customers and community in a changing economy.

Panel members recommended that the Port continue to seize emerging market opportunities brought about by economic changes in society and the world. Given the host of new technologies, new markets, and new products continually emerging, the Port needs to adapt to the changing needs of its customers and community in order to stay true to its core mission.

4. The Port should provide innovative leadership by adopting best practices and partnering with others who are committed to stewarding the health of our economy, environment, and community.

Panel members agreed that adopting industry benchmarks and best management practices would advance the Port's progress in achieving its triple bottom line. A culture of excellence and innovation serves the public's interest while providing a model for its tenants, partners, and the larger community.

5. The Port is obligated to sustain public trust through ongoing transparency, communication, accountability and equity.

Panel members felt strongly that public trust and accountability are crucial to the relationship between the Port and King County communities. They were concerned about the low level of public awareness about Port operations, and urged the Port to find ways to show how its core operations benefit the wider community. Better outreach efforts to explain and promote understanding of the Port’s programs and policies were recommended, including “reader-friendly” public information tools that explain how the Port’s activities create economic opportunity in the region.

Green Port Principles

1. The Port should be a model of sustainable growth in a community that is projected to continue growing.

The Port should research best practices that are locally appropriate and identify emerging technologies that further enable it to demonstrate environmental leadership.

On projects central to the Port's core mission, environmentally beneficial technologies and best practices should be integrated into those projects as standard operating procedure.

Implementing new technologies and best management practices may, at times, require the Port to exceed compliance standards. In such cases, metrics, objectives, and returns should be clearly understood by all parties and stakeholders. When it would be useful for tenants to exceed standards, the Port should provide incentives or facilitation programs. (See decision-making schematic)

2. The Port must allocate its funds to those environmental efforts that will yield the greatest environmental benefit.

Science-based benchmarks and indicators should be used to evaluate potential environmental benefits when making project and budget decisions. Project priorities and goals should be regularly evaluated and reconsidered.

3. The Port should partner with tenants, regulatory authorities, local jurisdictions, other ports, and non-governmental organizations on broad environmental issues such as cleaning up Puget Sound or reducing greenhouse gas emissions in King County.

On broad environmental issues, the Port should join, support, and actively engage in coalitions and/or partnerships that enable the Port to leverage its financial and professional resources to achieve common environmental interests.

4. The Port's environmental policies and programs should enhance the Port's economic competitiveness.

The Port will only have the funds it needs to exercise environmental leadership if it generates sufficient net revenues. For this reason, the Port must remain a competitive, job-generating organization and should not adopt policies that put it at a competitive disadvantage.

This approach requires that finite resources yield the greatest possible environmental return. The Port should implement environmental technologies and practices that increase the volume of cargo and passengers it moves while ensuring this growth is environmentally sustainable.

5. The Port should provide a regular public accounting of its environmental programs and outcomes.

Public communications about the Port's environmental programs and their funding sources need to be a high priority. This information will help taxpayers better understand the Port's efforts to be a model for sustainable growth. It may well encourage public input in environmental priority and program decision-making. The Port's environmental initiatives should be assessed periodically to compare accomplishments with goals and benchmarks.

Social Responsibility Principles

- 1. The Port will collaborate with its employees, contractors, and business partners to assure exemplary health and safety protection, provide equitable compensation, foster social justice, and maximize the ability for people to achieve their full potential.**

The panel agreed that the Port should become a leader for best practices in human, social, and economic rights. It should work to improve its own practices, and encourage its partners improve their practices. The Port should provide incentives to advance social responsibility for its small business partners.

The panel urged the Port to support the highest caliber of jobs possible for the benefit of employees and the larger community. However, employment goals should move beyond the simplistic economics of trading an hour of work for a wage, and should help to create jobs where workers can take pride in their contribution.

The Port should continue to pursue partnerships that create jobs and advance human potential through apprenticeship programs, job training, community colleges, and the public school system.

- 2. The Port will remove barriers to participation by small and disadvantaged businesses in its contracting processes and requirements.**

The Port should leverage its role as a regional economic engine to encourage entrepreneurship, making every effort to create economic opportunities for new and small businesses.

The Port's contracting processes need to be "user-friendly" to small and disadvantaged businesses, and provide support to these businesses in understanding the Port's contracting processes. It should assist small businesses to develop opportunities to work with both the Port itself and its large contractors.

- 3. The workforce of the Port should reflect the population diversity of King County so that economic opportunity generated by the Port can be accessed by all of its citizens.**

The panel had extensive discussion on the implications of this principle. Some areas of concern included:

- Extending this principle beyond federally defined protected groups to the full range of demographic and economic characteristics of King County.
- Using this guideline to address the barriers to equal representation in job categories currently underrepresented.
- Implementing the Port's commitment to supporting the workforce training necessary to remove those barriers.

4. The Port will be accountable to its guiding principles by setting measurable objectives and reporting to the public in how it has addressed any workforce and contracting disparities.

Although most panel members thought it useful to set specific metrics to measure and determine disparities, some members felt less prescribed, more holistic approach to reporting would result in a more accurate reflection of results.

5. The Port of should work with community partners to take a long-term strategic look at population and labor market trends to support the ongoing employment pathway needs and labor requirements of the Port's enterprises.

Along with entry-level jobs, the Port should establish pathway programs with community colleges and other education and training partners so employees can realize advancement opportunities even if that opportunity is outside the Port. Partnerships should do more than just meet the needs of the Port; they should also serve the needs of the community. The Aviation and Maritime high schools are a model for school partnerships that could be applied to other job sectors.

Other tools, such as apprenticeship and pre-apprenticeship programs can support career pathways. Small business contractors will need assistance in working within such structures on an ongoing basis.

Real Estate and Land Use Principles

- 1. Port-owned real estate assets serve a dynamic range of strategic interests that include job creation, resource stewardship and regional economic development. The Port should develop a tiered asset management system to provide an operational framework to address this range of interests.**

As a special purpose government, the Port must steward and manage publicly-owned assets for the benefit of the taxpayer. Panelists agree that the Port’s deep-water port, fishing industry, and airport are unique irreplaceable assets to the region. The Port needs to place its highest priorities on advancing its maritime, fishing and aviation activities because these functions are essential to the health of our region.

To help manage tensions between competing investment opportunities, the Panel proposed a tiered asset management system to weigh potentially competing interests when making land management policy decisions. This system, illustrated in the chart below, separates all real estate assets into three categories: 1) direct uses, 2) indirect uses, and 3) unrestricted uses. The chart below shows examples for each category.

Tier	Example
Tier 1 – DIRECT USES	Marine Cargo Terminals Cruise Terminals Commercial Fishing Terminals Seattle-Tacoma International Airport Ancillary facilities directly supporting commercial and maritime activities
Tier 2 – INDIRECT USES	World Trade Center Eastside Rail Corridor Interbay properties
Tier 3 – UNRESTRICTED USES	Tsubota Steel Site Des Moines Creek Business Park Site Tyee Golf Course

The Panel believed the Port should use its second and third tier land holdings to foster industries of the future that could create jobs and prosperity in the region. Establishing where the “bright line” falls between the various tiers will be aided by a clear definition of the Port’s core functions and mission. The Port needs to balance its traditional focus on air and sea-related businesses with broader types of economic activity. If it moves into other areas of business, the Port needs good decision-making criteria to guide those changes.

- 2. Real estate activities should take into account the effect of Port operations on the affected land and discourage activities that would threaten the ability of the Port to perform its core mission. Facilities**

central to the Port’s core mission should be identified as “essential public facilities.”

Panelists discussed at length whether the determination of “compatibility” should err on the side of the Port’s core mission or protect community goals. This has been particularly problematic in the past around issues such as airport expansion, which at times pitted local jurisdictions against Port-related development. Panelists have been encouraged by the Port’s recent efforts to engage in collaborative discussions about airport development and community impacts.

The Panel believes that the public would benefit from a stronger collaboration between the Port and the City of Seattle to encourage manufacturing and industrial growth within its designated Manufacturing and Industrial Centers, promoting further zoning for maritime, aviation and related industrial development.

3. To sustain the economic value of its holdings, the Port should invest in existing or new infrastructure to support its core mission and the operational requirements of its tenants.

Panel members expressed that building infrastructure tied to primary core uses, such as dredging or maintaining bulkheads, is the Port’s direct responsibility.

The Port’s decision to invest in the cruise industry was discussed. Some panel members felt that it drew resources away from other components of the maritime sector. Yet the cruise industry investment has paid good financial dividends to the larger region, assisted by technological advances that made ships faster and overflow capacity at the Vancouver Port.

Panel members discussed whether the Port should directly fund or develop transportation infrastructure. Some members said it might be appropriate to do so if transportation infrastructure is tied to core business and trade development. Others expressed concern that overleveraging the Port’s resources into other investments such as the viaduct replacement or I-5 capacity improvements detract from the Port’s ability to focus on core operations.

4. The Port should seek opportunities to coordinate and engage in partnerships with city, state and other government agencies to develop infrastructure that advance trade and commerce. These facilities in turn will serve the economic, social, and environmental interests of the community.

There are many opportunities for the Port to work closely with local municipalities in projects of mutual benefit. These include industrial business operations that contribute to the Port’s core mission (maritime, fishing, aviation) or environmental and economic mitigation. The Port should be making investments where a direct community benefit can be demonstrated, especially when using the levy.

The panel suggested that additional dialogue is needed with cities to maximize the benefits of collaboration to provide land uses that are mutually beneficial, such as associated light industry, utilities, transportation and public transportation.

The public interest has benefited from past collaboration between Washington State ports in areas such as freight mobility and environmental management—this spirit of collaboration can also be applied to the use of Port-owned lands and associated infrastructure to collectively respond to changing global markets.

Funding Policy and Strategy Guiding Principles

- 1. The Port should be primarily funded through the self-sustaining enterprises that are at the core of its mission. Revenues from the Port's tax levy should be used for activities that are not fully self-sustaining and cannot be funded in another manner. These activities should directly support the Port's core mission, provide for critical infrastructure investments, or provide environmental mitigation that cannot be funded through its enterprises.**

Although panel members found the Port's mix of funding sources to be appropriate, they noted that its spending could benefit from additional clarity and discipline. Members recommend a focus on the Port's core businesses that provide financial returns and/or those that spur economic development and jobs.

It was deemed reasonable for the Port to expect different rates of return for the different funding sources, and the criteria of financial return on investment may not include full public benefits. Transportation investments are critical to moving the region's core businesses targets – people and goods. Environmental investments may not have a visible direct public benefit, but these investments clearly protect Port assets.

Large portions of the Port's activities are supported through self-sustaining revenues. The Port's tax levy provides revenue for system-wide expenses that support the needs of all tenants or longer-term investments that provide significant public benefit.

Examples of appropriate investments compatible with the Port's core mission include:

- Capacity investments for container facilities and freight terminals
- FAST Corridor transportation projects
- Infrastructure for Intermodal terminals
- Non-project environmental mitigation
- Job training programs

Panel members suggested the Port would be wise to consult with the public when it considers involvement in activities that stray from its core businesses. This might include a formal public involvement process or even a vote of the people. They also noted that the public wants the Port to be as self-sustaining as possible. It is also important to keep the levy predictable, rational, and consistent.

- 2. The Port should demonstrate to the public that it has managed its financial resources as a disciplined steward of the public interest, guided by priorities set forth in its strategic plan.**

Ultimately, the Port's long-term funding strategy is tied to how the public views the organization. There is little understanding about how the Port manages its leases or

any of the competitive issues facing the Port. The panel urged the Port to provide meaningful, consistent public education about its competitive situation, how the Port makes and spends money, and its contributions to the health of the economy. Further, they suggested that the Port also include information about both public and private beneficiaries of Port initiatives. The Port should also report not just its accomplishments and successes, but also its failures.

The Port is making progress through programs such as its Port 101 series, but it may be more effective for outreach to focus more on particular operations, such as Seattle-Tacoma International Airport or Fisherman's Terminal. These may encourage a higher level of interest and engagement by the public.

3. The Port should foster a culture of partnership and collaboration in pursuing public and private funding partnerships for investments that reap shared benefits to all its partners, and that no single entity can achieve independently.

The growing competitive environment created by major infrastructure investments in ports at Prince Rupert and Vancouver B.C., and improvements to the Panama Canal increases the strategic importance of partnership and collaboration opportunities with other ports, jurisdictions, and private entities.

Partnerships, however, take resources and commitment to be truly effective. In evaluating potential partnerships, the Port might be guided by criteria such as:

- Tax revenue benefit
- Return on investment
- Contribution to regional competitiveness
- Opportunities for collaborative marketing

Northwest ports are stronger together in the global competitive market than alone. The current global financial situation may provide an opportunity for even more strategic cooperation between ports in managing their operations to achieve a greater synergy, such as the development of shared assets. Examples of shared assets might be the development of an intermodal terminal or joint environmental agreements, such as the Northwest Ports Clean Air Strategy. However, the Port should be aggressive in pushing for cost-sharing for projects where other jurisdictions reap benefits from Port investments.

Environmental Panel Guiding Principles

