

MARITIME DIVISION 2016 BUSINESS PLAN

June 9, 2015

MISSION:

Enrich our maritime legacy by leveraging our properties to create waterfront opportunities and grow maritime jobs in a financially and environmentally sustainable way.

VISION:

A vibrant working waterfront generating economic vitality for the region

MAJOR AND NEW INITIATIVES:

- Seaport Alliance: Complete transition of marine cargo properties and portfolio management
- Port Stormwater Utility: Implement for port owned properties within the City of Seattle
- Dramatic Growth: Leverage maritime properties to grow net income and economic benefit
 - Fund and construct Shilshole Bay Marina's new bathrooms/ lockers/laundry facility
 - Develop Fisherman's Terminal Strategic Plan and obtain Commission approval
 - Modernize Pier 66 and Pier 91 for larger cruise ships (Big Ship Ready II)
 - Develop habitat restoration into a line of business (port owned waterfront habitat)
- High Performance Organization: Deliver operational excellence and develop our employees
 - Operational Excellence: Deliver safe, compliant operations and maintain port assets
 - Integrate and optimize operations of the new Maritime Division
 - Implement operational and safety practices to achieve zero injuries
 - Talent Development: Develop staff capabilities, bench strength and opportunities
 - Identify and implement targeted training to increase employee capabilities
 - Develop and implement employee development plans and career paths
 - Valued Communication: Provide information that is clear, concise and relevant
 - Leverage technology to improve quality and efficiency of communications
 - Develop and implement measures to improve Commission communications

STRATEGIES - SUMMARY:

Implement Century Agenda Strategies – Position the Puget Sound Region as a premier international logistics hub

- Structure our relationships with Washington ports to optimize infrastructure investments and financial returns (still a work in process with need for support from service groups)
- Double the economic value of the fishing and maritime cluster

Implement Century Agenda Strategies – Advance this region as a leading tourism destination and business gateway

- Double the economic value of cruise traffic to Washington State

Implement Century Agenda Strategies – Use our influence as an institution to promote small business growth and workforce development

- Increase the proportion of funds spent by the port with qualified small business firms on construction goods and services to 40% of eligible dollars spent
- Increase work force training, job and business opportunities for local communities in maritime, trade, travel, and logistics

Implement Century Agenda Strategies – Be the greenest, and most energy efficient port in North America

- Meet all increased energy needs through conservation and renewable sources
- Meet or exceed agency requirements for stormwater leaving facilities owned or operated by the Port
- Reduce air pollutants and carbon emissions
- Anchor the Puget Sound urban industrial land use to prevent sprawl in less developed areas
- Restore, create and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliot Bay
- Meet local, state, and federal environmental regulations as effectively and efficiently as possible

Manage our finances responsibly – “Optimize” Maritime Financial Performance

- Meet 2016 financial targets
- Grow Maritime Division net operating income
- Reduce Port’s environmental liability through cost recovery
- Maintain existing assets and invest in new development to sustain and enhance Maritime vitality
- Provide timely, accurate and insightful financial information and analyses for the Commission, Executive and other Leadership teams for decision making
- Ensure compliance with Accounting policies and procedures, and standards

High Performance Organization

- Align leadership, people and systems with strategic priorities and plans
- Strengthen a high integrity, continuous improvement culture
- Increase organizational/individual ownership for safe/secure work practices and healthy living

DIVISION DESCRIPTION:

The Maritime Division includes two major business groups: Cruise & Maritime Operations and Commercial & Recreational Marinas. It also includes three service groups: Environmental Services & Planning, Finance & Budget, and Marine Maintenance. These business and service groups oversee strategic planning, business and facility development, maritime security and the management and operations of maritime facilities including cruise, grain and multi-purpose terminals, commercial moorage, recreational marinas and related properties.

The Maritime Division and its facilities serve a diverse mix of year round and seasonal activities. May through September, Smith Cove Cruise Terminal and Bell Harbor Cruise Terminal serve as homeport for cruise ships headed to Alaska. October through May, Fisherman’s Terminal and Terminal 91, serve as homeport for the North Pacific fishing fleet and factory trawlers. Throughout the year, recreational boats are served at Bell Harbor Marina, Harbor Island Marina and Shilshole Bay Marina - home to a vibrant liveaboard community. The Maritime Division also operates the Maritime Industrial Center and leases Terminal 86, a fully automated grain terminal, along with other industrial properties connected with these maritime activities and businesses.

INDUSTRY ASSESSMENTS:

Cruise

The global cruise market continues to grow with many lines increasing their focus and deployment in Asia. This market growth is supported by global fleet expansion with larger ships and new product innovations to meet the more sophisticated demands of consumers. The Alaskan cruising market remains strong with cruise lines deploying some of their best ships here in the Northwest.

Maritime Operations

The industry continues to adapt to an evolving regulatory environment, fishing industry consolidation and more limited marine terminal options. The North American Emissions Control Area (ECA) requires more stringent emission reductions for ocean going vessels operating within coastal waters. This places a higher burden of compliance on vessels transiting between Seattle and Alaska because the entire voyage is within the ECA, when compared to vessels on transpacific voyages. In addition, ongoing consolidation of the commercial fishing fleet is driving changes in facilities and services to meet the needs of larger homeport operations. The availability of suitable and affordable marine terminals is growing increasingly scarce in the Northwest.

Recreational Boating

The Recreational Boating industry continues to face challenges such as the affordability of boats and boating, attracting younger generations and minorities, and the emerging regulatory restrictions through taxes and reduced access to water. For the first time in 16 years, the 2015 Seattle Boat Show reported the average age of attendees dropped from 51 to 48 years old. Boaters are demanding upscale moorage facilities including high-end amenities, finishes, and architectural details with more customization, automation and personalization. Nationally, the industry experienced steady growth with the majority of marinas reporting improved margins, flat moorage rates and steady or improved occupancy. The largest increased revenues came from in-water rentals (kayaks, paddle boards, etc.), boat rentals, restaurants, leased slips, fuel, and boat sales. Washington experienced strong growth in new boat sales, although the used boat market still composes the majority of boat sales.

Fishing and Commercial

The Alaska commercial fishing industry remains strong with the Alaska fisheries recognized as the most successfully managed in the world. With sustainable fisheries in the Bering Sea and Gulf of Alaska fisheries, the commercial fishing industry that homeports in Seattle remains stable. Commercial fishing companies are revitalizing their fleets by building new boats to replace aging fishing vessels. Although Alaska ports are working to build better infrastructure to support the small boat fleets, Puget Sound continues to be very attractive for off season moorage for all sizes of commercial boats due to better weather conditions conducive to working on boats as well as an established parts supply and maintenance service network.

Grain

With a larger global supply of corn and a larger late season U.S. soybean crop, USDA is expecting lower crop prices. U.S. exports of corn and soybeans are projected to have modest growth potentially curbed by a strong US dollar and increased competition from record South American supplies. Global soybean trade will continue to be driven by China, which accounts for nearly two-thirds of the world trade.

Industrial Properties

The Seattle/Puget Sound industrial market has been consistent and steady. This trend is expected to continue in 2016 and regional employment growth is expected to be positive. With positive growth in both areas inching upward, absorption of industrial space has outpaced the delivery of new space driving the high occupancy and low vacancy numbers reported in the industrial properties market. Industrial rental rates will continue to be somewhat flat with the close-in large industrial markets experiencing some modest increases.

BUSINESS ASSESSMENTS:

Cruise

Moderate growth is expected with several larger vessels already confirmed for Seattle in 2016. Revenue passenger counts are expected to increase to more than 900,000. Based on continued surveys, the level of satisfaction for Seattle cruise passengers exceeds industry standards. Passengers surveyed express a strong desire to return to Seattle again in the future. The number of pre and post cruise passenger visits is steadily increasing in the region.

Maritime Operations

Fishing fleet homeport demand is expected to remain stable in 2016. Fishing, tug and barge companies are making significant investments in vessel improvements and system upgrades. Other marine industrial moorage is expected to remain stable with moderate growth over time. The energy sector is driving change in maritime facilities as forward effort continues in oil exploration in north Alaska and as liquefied natural gas (LNG) for marine vessels becomes more prevalent in our region.

Shilshole Bay Marina

The monthly moorage occupancy at Shilshole Bay Marina remains strong, achieving over 95%. The continued high level of success is attributed to the marina's location, docks with good maneuverability and wide navigation channels, a strong and active liveaboard community, and strong customer focus. Over the next five years, several marina improvements are planned or underway including replacement of 1960's era restroom/shower/laundry buildings that are not adequate by today's standards; repairs to utilities, parking lot pavement and the 1962 fuel dock building; and rehabilitation of two docks omitted from the 2006-2008 Dock Replacement Project. The commercial property occupancy rate at Shilshole Bay Marina is currently at 100%. The main focus throughout 2016 will be to retain existing tenants and maintain property values.

Fishermen's Terminal and the Maritime Industrial Center

Commercial fishing vessel moorage demand remains steady with annual occupancy over 80%, even with the majority of customers leaving to work in Alaska for various parts of the year. The small commercial fishing boats (<40') market is most at risk due to the expense of operating a boat, owners retiring and boats relocating. This loss of commercial fishing moorage business is somewhat offset by monthly moorage for smaller recreational vessels which do not require year round moorage.

The commercial property occupancy at both Fishermen's Terminal and the Maritime Industrial Center is 97%; better than the office industry wide average long term occupancy rate of 95%. The main focus throughout 2016 will be to retain existing tenants and maintain property values. Continuous efforts will be made in offering excellent customer service, increasing rental rates levels on renewals and accommodating space reductions and expansions while improving space for quality tenants.

Dock and moorage assets at Fishermen's Terminal are all fairly new with the exception of the Northwest Dock, which is the oldest dock and now approaching thirty years old. Available shore power systems for the various sizes of boats set us apart from our competition. Over the next ten years, the capital plan for the entire Fishermen's Terminal property calls for up to \$90M in projects including the NW Dock improvements, Docks 3 and 4 rehabilitation, corrosion protection to seawalls, Net Shed buildings roof replacements, and the Maritime Industrial Center west and central pier resurfacing. These projects are subject to the overall Port of Seattle capital plan funding priorities.

The financial outlook is projected to be stable as staff continues to look at Fishermen's Terminal in an enterprenial fashion for revenue generating opportunities. Revenue gains are expected from an increased number of recreational vessels, while the recapitalization of the large vessel fishing fleet replaces old vessels with new ones; not necessarily adding vessels to their respective fleets. Moorage rates at the terminal for fishing and commercial vessels are at market when compared to other Puget Sound public ports. Recreational vessel rates at the terminal are at market as compared to local marinas.

Grain

The Pier 86 Grain Terminal handles corn and soy beans from the upper Midwest states primarily for export to China. Despite its age, operational improvements and automation help keep this facility competitive with the Tacoma facility and several other facilities on the Columbia River. Although capacity is increasing at other northwest grain facilities, the overall market projection is very strong and our terminal should remain competitive and productive for a long time. With soybeans and corn export activity close to the volumes prior to the 2012/2013 U.S. drought, this trend is expected to continue well into the 2015 harvest year, particularly for soybean exports. For 2015, the U.S. share of global trade is likely to remain at the 2014 level even with

higher competition from South America. (US Department of Agriculture, Grains and Oilseeds Outlook, Feb 2014).

Industrial Properties

Consistent with the regional figures discussed under the Industry Assessment, the forecast for the Seattle Close-In industrial market is for lease rates to remain steady, with slight upticks in rents possible. Demand for Seaport industrial properties is expected to remain consistent. The Maritime Industrial portfolio management staff will continue to manage the industrial portfolio for the purpose of maximizing revenue by balancing rental rates (demand) with fluctuating supply to match the performance of local Seattle Close-In market.

CHALLENGES AND OPPORTUNITIES:

Cruise Challenges

- Aggressive schedule of cruise line customers to expand facility passenger capacity by 2017
- Controlling the cost of building, maintaining and operating marine terminals
- Limited capital capacity for investment in cruise terminal modernization to support larger ships

Cruise Opportunity

- Increased demand for shorter cruise itineraries
- Customer interest in bringing larger cruise ships to homeport in Seattle

Maritime Challenges

- Adapting facilities and operations to meet dynamic regulatory environment
- Attracting new maritime customers and vessel homeport bases with changing land use environment

Maritime Opportunity

- Capability to set up short term Transportation Worker Identification Credential (TWIC) berths
- Opportunities for attracting vessel homeport bases for seafood, tug and barge fleets

Recreational Marina Challenges

- Retaining customers and facility availability during upcoming capital improvement projects including Seattle waterfront construction projects.
- Maintaining assets responsibly within the Port system while still controlling costs
- Designing and rebuilding the Shilshole multi-use service buildings (restrooms/showers/laundry) in a way that will meet the long term needs of our customers and boost our current revenue streams.
- Identify and implement new revenue opportunities that take into consideration marina customer needs

Recreational Marina Opportunity

- Implement new revenue opportunities that take into consideration marina customer needs
- Leverage new technologies to create efficiencies such as marina software update and handheld technology
- Leverage partnerships to create opportunities with organizations such as the Corinthian Yacht Club, The Adventuress, Seattle Yacht Club, and the Northwest Marine Trade Association.

Fishing and Commercial Challenges

- Potential for further slow decline of the small fishing boat fleet (<40') due to market conditions
- Capturing the new business from the revitalized large commercial boat fleet is essential to remain the homeport of the North Pacific Fishing Fleet The revitalized fleet is out fishing longer, in port shorter.
- Small recreational boat owners are discouraged from taking moorage when summer weather is poor

- Future planning and capital investment in properties with aging infrastructure and implementing energy conservation improvements to improve operating efficiencies and retain customers

Fishing and Commercial Opportunity

- Retain business from commercial fishing customers who are recapitalizing their fleets
- Continue to grow recreational vessel fleet during off-season as space allows
- Promote legislation that would incentivise continued growth within the fishing and maritime industry

Grain Challenge and Opportunity

- Grain volume can fluctuate significantly from year to year due to weather and market conditions
- Revenues from the grain terminal include a minimum annual guarantee and otherwise are subject to upside and downside depending on volume

STRATEGIES AND OBJECTIVES

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB

Objective: Grow Seaport annual container volume to more than 3.5M TEU’s (Big Ship Ready)		
Performance Measures	Performance Target	Actions
Co-Manage the East and West Waterways deepening project with the U.S. Army Corps of Engineers (USACE)	2017 - work with USACE towards 2017 Feasibility Completion 2020 - obtain project authorization and initiate planning and design phase	Transition project to The Northwest Seaport Alliance accountability: Contribute information and coordinate as needed by USACE Draft Feasibility Study which will identify the tentative deepening plan in 2016
Acquire permit for Terminal 5 modifications	Terminal 5 – Meet February 2016 deadline	Transition project to The Northwest Seaport Alliance accountability: Complete environmental review Prepare and submit permits Manage the permitting process

Objective: Structure our relationships with Washington ports to optimize infrastructure investments and financial returns		
Performance Measures	Performance Target	Actions
Support Washington ports partnership initiative	Complete transition of marine cargo properties and portfolio management	Transition into contracting with the Northwest Seaport Alliance to: Provide requested services and expertise Provide requested financial information and financial analyses

Objective: Double the economic value of the fishing and maritime cluster		
Performance Measures	Performance Target	Actions
Grow existing and attract new seafood value	Increase/expand existing seafood customers.	Support existing customer base efforts to grow Survey current customers at Terminal 91 to determine what additional operational requirements would be of benefit to them
	Attract new seafood customers.	Recruit new seafood companies to the Port
Develop Fishermen’s Terminal Strategic Plan and obtain Commission approval	Return to Commission by end of Q4 with design concepts	Obtain consultant, perform outreach, and develop concept alternatives

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – ADVANCE THIS REGION AS A LEADING TOURISM DESTINATION AND BUSINESS GATEWAY

Objective: Double the economic value of cruise traffic to Washington State		
Performance Measures	Performance Target	Actions
Grow our market share in homeport cruise industry	Commitment from customers for shorter itineraries for 2017 and beyond Commitment from new customer for homeport vessel for 2017 and beyond	Provide POS representation in the Cruise Lines International Association (CLIA) Executive Partner Program at annual CLIA events including the Leadership Forum, Congressional Caucus and Cruise3Sixty tourism/ travel trade show. CLIA provides forum to influence positive outcomes through engaged participation of stakeholders, aligning messaging on critical issues to speak through one voice Support Cruise Shipping Miami- Seatrade Miami, West Coast Collaborative, Cruise the West (CTW). Work with other ports in CTW to promote West Coast/ Alaska and Hawaii cruise markets at annual industry conference and trade show. Cost of booth shared with other Ports Work with other Pacific Northwest ports on joint marketing efforts to promote shorter cruise itineraries.
Prepare Port of Seattle for the changes occurring in the cruise Industry – Larger ships will eventually be on the West Coast	Identify operational improvements to increase passenger terminal efficiencies	Work with the airport staff to improve passenger/bag efficiencies and logistics between P66, SCCT and STIA Work with Customs Border Patrol (CBP) to improve passenger processing efficiencies (i.e. explore onboard clearance) at P66, SCCT and STIA

	Advance conceptual design development, estimate cost, schedule and permitting requirements for potential cruise terminal expansion	Work with SPM, AV and consultants to increase/optimize P66 passenger processing capacity and utilization Seek long-term berthing commitment from cruise line for future large ship
	Complete dredge of east cruise berth at Terminal 91	Complete work with agencies to permit dredging project
Increase pre and post cruise passenger stays in Seattle and the region	Increase the awareness of the travel industry and top selling cruise travel agents on Seattle and the region	Partner with Visit Seattle, Washington Tourism Alliance and local business on familiarization events and cruise line visits. Coordinate work with Port tourism effort

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – USE OUR INFLUENCE AS AN INSTITUTION TO PROMOTE SMALL BUSINESS GROWTH AND WORKFORCE DEVELOPMENT

Objective: Increase the proportion of funds spent by the port with qualified small business firms on construction goods and services to 40% of eligible dollars spent		
Performance Measures	Performance Target	Actions
Maintain high level of contract and consultant work performed by small businesses	Continue record of more than 40% of funds spent by the Maritime Division on contracting going to small businesses	Execute contracts that support achieving target
Objective: Increase work force training, job and business opportunities for local communities in maritime, trade, travel and logistics		
Performance Measures	Performance Target	Actions
Support workforce development in maritime cluster	Support workforce development in maritime cluster	Interface with Manufacturing Industrial Council of Seattle

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – BE THE GREENEST AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

Objective: Meet all increased energy needs through conservation and renewable sources		
Performance Measures	Performance Target	Actions
Reduce electrical energy needs through conservation with positive financial metrics	No increase in electrical energy use from 2011 baseline by 2020	<ul style="list-style-type: none"> Install outdoor lighting upgrades at Fishermen’s Terminal and Jack Block Park in 2016 Perform energy audit at one other Maritime facility per energy performance plan for inclusion in 2017 Capital Budget

Increase use of renewable energy	Include cost effective renewable energy project in 2017 Capital Budget	Identify one cost effective renewable energy project by Q4 2016
Objective: Meet or exceed agency requirements for storm water leaving facilities owned or operated by the port		
Performance Measures	Performance Target	Actions
Meet conditions of Port Phase I municipal National Pollutant Discharge Elimination System (NPDES) permit	No non-compliance conditions	Prepare annual report to Ecology to demonstrate 2015 compliance. Track 2016 compliance for 2017 report.
Implement and manage Port Stormwater Utility to deliver efficient and effective stormwater services	Assess and survey condition of all stormwater conveyance by 2018 and complete maintenance of 30% of stormwater system by 2020	<ul style="list-style-type: none"> • Collect stormwater fees for Port Stormwater Utility accurately, correctly, and verifiably beginning on January 1, 2016 • Extend utility billing/lease boundary database system to all sites by end of 2016 • Assess 40% of stormwater infrastructure by Q4 • Identify and plan for rehabilitation of stormwater system for 200 acres
Objective: Reduce air pollutants and carbon emissions		
Performance Measures	Performance Target	Actions
Meet Northwest Ports Clean Air Strategy goals	Admin-1: Port Administration fuel efficiency plan (including anti-idling and other operational measures) for for Port vehicle fleet maintained	Admin-1: Complete fuel efficiency (including anti-idling and other operational measures) plan for Port fleet
Reduce carbon emissions from port operations	<p>Conduct 2015 The Climate Registry (TCR) inventory by Q3 2016</p> <p>Downward trend in total Green House Gases (GHG) emissions reported to The Climate Registry</p>	<p>Complete TCR inventory and submit to TCR</p> <p>Analyze results and trends in Green House Gases emissions</p> <p>Update energy performance plan to ensure continued downward trend in Green House Gases emissions</p>

Objective: Anchor the Puget Sound urban-industrial land use to prevent sprawl in less developed areas

Performance Measures	Performance Target	Actions
Industrial land use regulations in City’s Comprehensive Plan update and in City land use code support a growing maritime business	<p>Replace Industrial Commercial “IC” zoning with a new industrial zone concept that better incentivizes industrial development and maritime-related development. Target 2016</p> <p>City’s Comprehensive Plan update process retains and/or improves the preservation of industrial land use policies and protects freight corridors. Target: Annually</p> <p>City’s arena triggered land use studies result in no residential or lodging uses in the stadium overlay district and that these studies result in enhanced industrial friendly land use regulations in the Duwamish manufacturing/ industrial center. Target: 2016-2018</p>	<p>Engage in in City public process associated with land use studies and processes by</p> <ul style="list-style-type: none"> • advocating with City staff, • writing comment letters as opportunities arise, • providing public testimony at City Council meetings, and; • collaborating with a wide range of stakeholders aligned with industrial preservation and coordinate mutual actions as appropriate

Objective: Restore, create and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliot Bay

Performance Measures	Performance Target	Actions
Create 13 acres of habitat at T117 by 2017	Construction underway by Q3	<p>(assumes Trustee negotiations completed in 2015)</p> <p>Bid and award T117 project by Q1 2016</p> <p>Start construction T117 project by Q3 2016</p>
Develop habitat restoration into a line of business	Develop a wetland habitat mitigation bank and evaluate other opportunities for revenue generation	<ul style="list-style-type: none"> • Prospectus approved by interagency review team Q1 2016 • Instrument approved Q3 2016 • Investigate potential of using habitat sites for City of Seattle ILF program mitigation

Objective: Pursue better ways to address and implement environmental regulations		
Performance Measures	Performance Target	Actions
Implement Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Model Toxics Control Act (MTCA) projects as efficiently and effectively as possible	Lower Duwamish Waterway 1. Complete Lower Duwamish Agreed Order work by end of 2019 2. T115N Remedial Investigation and Feasibility Study. Submittal of draft Remedial Investigation in 2016	1. Activated carbon study construction in 2016. Monitor results in 2017-2019 2. Submit draft report by Q2
	East Waterway 3. East Waterway Feasibility Study finalized in 2016. EPA signs Record of Decision (ROD) and design phase initiated by 2020. 4. Design and implement the remedial action at T30 cleanup site by Q4 2017	3. Draft final report resubmitted to EPA by end of Q2. 4. Complete design by Q4

STRATEGY: MANAGE OUR FINANCES RESPONSIBLY - OPTIMIZE MARITIME FINANCIAL PERFORMANCE

Objective: Meet 2016 financial targets		
Performance Measures	Performance Target	Actions
Maritime Division 2016 Net Operating Income	Net Operating Income of \$TBD Million at 12/31/2016	Continually monitor potential risks to Net Operating Income Develop plans to mitigate or offset potential losses resulting from these risks
Maintain and enhance Maritime Industrial/ Commercial Property Occupancy Rates and Budgeted Revenue	Match occupancy targets of Seattle close-in market for industrial and commercial properties	Meet or exceed property occupancy targets that match Seattle close-in market for our industrial/commercial property Key negotiations include option to extend lease with Marel Seattle Inc. consisting of three leases at Terminal 91 and option to renew lease with WSDOT at Terminal 106 East

Achieve average moorage occupancy target for year	Recreational Marinas 95% Fishing and Commercial facilities (Fishermen's Terminal/Maritime Industrial Center) 80%	All staff continue to provide an extraordinary customer service experience (GEM-Going the Extra Mile) Operations and Marketing staff review monthly occupancy, demand, and trends together. Adjust action plans as needed.
Objective: Grow Maritime Division Net Operating Income		
Performance Measures	Performance Target	Actions
Complete Street Vacation obligations to the City of Seattle for Terminal 18	Complete all T18 requirements by the end of 2016	Reach agreement with City on Street Vacations conditions
Objective: Reduce the Port's environmental liability through cost recovery		
Performance Measures	Performance Target	Actions
Partner reimbursements invoiced and partners pay in a timely manner	Port partners are invoiced within 30 days after month-end	Timely preparation of partner billings Monitor timeliness of partner payment with follow-up on any delinquencies
Department of Ecology Grants are processed quarterly	Submissions are completed and reviewed within 30 days after quarter-end	Proper set up of processes to to efficiently and effectively comply with grant requirements Timely preparation and review of grant submissions
Insurance submittals are completed monthly	Submissions are completed and reviewed within 45 days after month-end.	Proper set up of processes to efficiently and effectively meet insurance requirements Timely preparation and review of insurance submissions
Objective: Maintain existing assets and invest in new developments to sustain and enhance Maritime Division vitality		
Performance Measures	Performance Target	Actions
Implement capital projects	Shishole Bay Marina Restroom Buildings: Complete design and begin construction by Q3 2016	Work with Project Management to assist completion of projects per plans.
Comprehensive Maritime Division Asset Stewardship Program	Expand plan to include Commercial and Recreational Marinas	Have updated list of needed projects available for budget process Monitor plan and implement minor repairs per Maritime Division Asset Stewardship Program.

STRATEGY: HIGH PERFORMANCE ORGANIZATION

Objective: Align leadership, people and systems with strategic priorities and plans		
Performance Measures	Performance Target	Actions
Alignment of Maritime Division staff with strategic priorities and plans	Maritime Division staff have been briefed on Maritime strategic priorities and plans	Maritime Division “All-Hands” meetings are held on a monthly basis where staff is briefed on current events including at least annually Maritime Division Strategic Plan.
Develop staff capabilities, bench strength and opportunities	Identify and implement targeted training to increase employee capabilities	Provide introductory LEAN training Provide other targeted training as identified
Objective: Strengthen a high integrity, continuous improvement culture		
Performance Measures	Performance Target	Actions
Work process improvements	Staff is process improvement oriented implementing small improvements as well as more significant items.	Leadership reinforces need to continually look for ways to do things more effectively and efficiently, even with small changes Celebrate successes in implementing process improvements both big and small
Objective: Increase organizational/individual ownership for safe/secure work practices and healthy living		
Performance Measures	Performance Target	Actions
Maritime Security Program Manager supports Non-Aviation Departments with their Continuity of Operations Plans (COOP)	Provide support in developing and maintaining COOP	Provide information and tools needed for each department to develop COOP Information sharing for individuals to be prepared at home and within their own work environment
Attain perfect score on the Health and Safety Plan audit for marinas	100% on year-end 2016 Safety Plan audit (published Q1)	100% of Commercial and Recreational Marina employees complete all requirements and training as specified in the facility safety plans

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MARITIME DIVISION 2016 BUSINESS PLAN

- **Appendix containing 2016 Business Plan Documents for:**
 - Cruise & Maritime Operations Pages A1-A6
 - Commercial & Recreational Marinas Pages A7-A17
 - Environmental Services & Planning Pages A18-A23
 - Marine Maintenance Pages A24-A26
 - Maritime Finance Pages A27-A31

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CRUISE & MARITIME OPERATIONS 2016 BUSINESS PLAN

MISSION:

Provide safe, secure and efficient cruise ship terminals and cargo handling maritime facilities which include large vessel berthing docks for moorage, working apron areas and related equipment, cruise passenger terminals, utilities and services to encourage current and new customers to move greater amounts of marine tonnage and cruise passengers through the Port of Seattle. Market and provide cruise ship services and facilities that maintain and grow the cruise business in the Seattle area. These facilities and services will enhance the economy of the region, protect jobs and provide a reasonable rate of return to the Port of Seattle and the citizens of King County while advancing the Port's Century Agenda Goals.

DESCRIPTION:

Cruise & Maritime Operations is made up of multiple deep water commercial moorage facilities in and around the harbor with over 17,000 lineal feet of large vessel berth moorage including two cruise passenger terminals. Maritime Facilities include: T91 piers 90 and 91, T46 North; plus vessel berths at P2, P17, 18N, P25, P28, P34, P69, and other maritime facilities. The two cruise terminals include a single cruise vessel berth facility at Pier 66, the Bell Street Pier Cruise Terminal, and a two berth facility at Terminal 91, the Smith Cove Cruise Terminal.

Customers include cruise lines, cruise terminal operator, charter and excursion vessels, tug and barge companies, large fishing and commercial vessels, ships of state and other government vessels. Industry sectors served include cruise, marine transportation, staging and transport, stevedoring service providers, the commercial seafood industry, bunker and distillate fuel distribution, and tug and barge services.

STRATEGY:

2016 Business Strategy will focus on continued outreach to potential maritime business sectors in efforts to increase utilization levels of Maritime facilities. Staff will continue to seek opportunities to grow our port's market share of maritime business activity which aligns with the Century Agenda goals of supporting job growth in our region. For 2016 overall strategy for Cruise & Maritime Operations will focus on growth opportunities, increasing revenue and securing long term business commitments. Identifying synergies between all sectors of the newly reformed Maritime Division

Cruise: For the cruise business, our strategy is to market Seattle as a homeport and a port of call to cruise lines serving Alaska and the Pacific Northwest. Our goal is to maintain and grow our market share, increase cruise passenger volumes and annual number of ship calls. We also create value for our customers by making our cruise terminals more efficient and cost effective; working with the Airport and logistic providers along with our cruise terminal operator to improve the operations and passenger experience at the cruise terminals and Airport; and working with the tourism and business community so that we maximize economic impact from visiting passengers and cruise ships. A priority focus for 2016 will be expansion/ renovation/ redevelopment opportunities of Port cruise facilities.

Maritime Operations: For docks/commercial moorage facilities, we will work with the terminal operators, tugboat, fishing industry, stevedoring companies, vessel agents and other dock users to maximize the use of vessel berthing and dock facilities providing net income to the port. We focus on providing customer value through building and maintaining relationships with our key customers, and continually strive to better understand and anticipate their business needs. Retaining our current customers across all maritime sectors continues to be a key focus. We also invest in strategic capital improvements to maintain and improve facilities, accommodate current customers' needs, attract new business, and enhance revenue from our facilities.

Focus for the coming year will be on retaining customers and growing core business, asset stewardship-- annual maintenance procedures and condition monitoring, advancing capital improvement programs that align with competing Maritime Division priorities, completing projects underway and expanding our green gateway strategy. This will include identifying storm water improvements needed at T91 along with seeking energy efficiencies and reducing operating costs through use of new technology in energy efficient yard lighting and security equipment.

Maritime Security: The focus of Maritime Security will be to maintain compliance with regulations and policy, reduce security risks and to enhance business through identifying potential security technologies to improve the efficiency of our Port and customer operations and to reduce cost-of-investment when possible through the effective use of any available grants. Maritime Security will continue to provide security services to the Corporate, Economic Development and Maritime Divisions. **Emergency Preparedness:** In connection with the Airport Emergency Management program which covers the entire organization, Maritime will support Non-Aviation Departments in developing and maintaining their department Continuity of Operations Plans (COOP), Emergency Response Plans and Preparedness and assist in response to Non-Aviation emergencies. Updates will be made to the Maritime Emergency Preparedness program, and information sharing and education will be provided to Non-Aviation staff to better prepare themselves for an emergency situation.

INDUSTRY ASSESSMENTS:

Cruise

Global industry growth expected to continue in 2016. According to recent CLIA report, in the U.S. alone the cruise industry contributes \$44 billion in positive economic benefits, including 363,000 jobs with direct and indirect employment paying more than \$18 billion in wages. Market growth supported with global fleet expansion, larger ships with new product innovations to meet the high demands of consumers. Alaska Cruising market remains strong. Cruise lines continue to present some of their best products here in the North West. 2016 vessel schedule for Seattle brings a larger RCI ship to the collective fleet.

Maritime Operations

Heightened regulatory and environmental standards driving industry change. Requirement for cleaner fuel for ocean going vessels operating within the Emission Control Area (ECA). Supply of suitable and affordable marine terminals is growing increasingly scarce in the NW. Ongoing consolidation of the commercial fishing fleets will require changes in facilities and services to meet demand of larger homeport operations.

BUSINESS ASSESSMENTS:

Cruise

Expecting moderate growth for Seattle in 2016. Larger vessels confirmed. Revenue passenger counts expected to increase to more than 900,000. Based on continued surveys Seattle cruise passengers level of satisfaction exceeds industry standards. Passengers surveyed have expressed strong desire to return to Seattle again in the future. The number of pre and post cruise passenger visits is steadily increasing in the region.

Maritime Operations

Fishing fleet homeport demand is expected to remain stable in 2016. Fishing, tug and barge companies making significant investment in vessel improvements and system upgrades. Other marine industrial moorage is expected to remain stable with moderate growth overtime. Energy sector driving change in maritime facilities, as forward effort continues in oil exploration north Alaska and LNG for marine vessels becomes more prevalent in our region.

CHALLENGES AND OPPORTUNITIES:

Challenges

- Aggressive schedule of Cruise Line customers to expand facility passenger capacity by 2017.
- Controlling the cost of building, maintaining and operating marine terminals.
- Limited capital capacity for investment in cruise terminal modernization for larger ships and new technology.

Opportunities

- Increased demand for shorter cruise itineraries.
- Customer expressed desire to bring larger Cruise ships to Homeport out of Seattle
- Ability to set up short term TWIC berths.
- Opportunities for homeport bases supporting seafood, tug and barge fleets, mega yachts and Commercial vessels

2016 STRATEGIES AND OBJECTIVES

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB

Objective: Structure our relationships with Washington ports to optimize infrastructure investments and financial returns		
Performance Measures	Performance Target	Actions
NWMTA/CAPA meeting participation	Maintain engaged participation through discussions with WA and CA port authorities to advance common interests	Provide POS representation from business group and legal department in all meetings of NWMTA and CAPA/NWMTA regarding rates and terminal investments
Objective: Triple the value of our outbound cargo to over \$50 billion		
Performance Measures	Performance Target	Actions
Increased frozen seafood cargo volume	Grow volume to over 50,000 MT	Partner with Seafood customers to attract more cargo through Port Facilities. Ensure port use fees reflect current market consistent with value. Perform survey of NW ports fee structures
Objective: Double the economic value of the fishing and maritime cluster		
Performance Measures	Performance Target	Actions
Grow existing seafood value	Increase/expand existing seafood customers	Support existing customer base efforts to grow. Survey current customers at T91 regarding what additional operational requirements users of the facility would benefit from
Attract new seafood value	Attract new seafood customers	Recruit new seafood companies to the Port

Additional dry storage facilities T91	Meet fishing and maritime customer on site dry storage needs in support their operations at T91	Complete an analysis to develop a new portable dry storage facility at T91 by year end – size and placement location TBD
Review market demand for Dry Boat staorage	Determine feasibility and cost and location to develop dry boat storage	Determine demand through Market analysis
Complete rehabilitation of Pier 90 structure.	Redevelopment of berths 6 and 8 with adjacent uplands.	Complete an analysis to make a decision regarding prioritization/funding plan for the design and permitting. Consider other use for this area.

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – ADVANCE THIS REGION AS A LEADING TOURISM DESTINATION AND BUSINESS GATEWAY

Objective: Double the economic value of cruise traffic to Washington State		
Performance Measures	Performance Target	Actions
Grow our market share in homeport cruise industry.	Commitment from customers for shorter itineraries for 2017 and beyond. Commitment from new customer for homeport vessel for 2017 and beyond	Provide POS representation in the CLIA Executive Partner Program at annual CLIA events including the Leadership Forum, Congressional Caucus and Cruise 3 Sixty tourism/ travel trade show. CLIA provides forum to influence positive outcomes through engaged participation of stakeholders , aligning messaging on critical issues to speak through one voice Support CSM- Seatrade MIAMI – West coast port collaboration “Cruise the West Assoc CTW ” Work with other ports in CTW to promote West Coast/ Alaska and Hawaii Cruise Markets at annual Industry Conference and Trade Show. Cost of booth shared with other Ports Work with other PNW ports on joint marketing efforts to promote shorter cruise itineraries.
Prepare Port of Seattle for the changes occurring in the cruise Industry – Larger ships deployed to the West Coast Market	Identify operational improvements to increase passenger terminal efficiencies	Work with the airport staff to improve passenger/bag efficiencies and logistics between P66, SCCT and STIA Work with Customs Border Patrol (CBP) to improve passenger processing efficiencies (i.e. explore onboard clearance) at P66, SCCT and STIA

	Advance conceptual design development, estimate cost, schedule and permitting requirements for potential cruise terminal expansion	Work with SPM, AV and consultants to increase/optimize P66 passenger processing capacity and utilization
	Complete dredge of east cruise berth at Terminal 91	Secure long-term berthing commitment from cruise line for future large ship. Complete work with agencies to permit dredging project.
Increase pre and post cruise passenger stays in Seattle and the region.	Increase the awareness of the travel industry and top selling cruise travel agents on Seattle and the region.	Participate with Visit Seattle, Washington Tourism Alliance and local business on familiarization events and cruise line visits. Coordinate work with Port Tourism effort

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – USE OUR INFLUENCE AS AN INSTITUTION TO PROMOTE SMALL BUSINESS GROWTH AND WORKFORCE DEVELOPMENT

Objective: Increase the proportion of funds spent by the port with qualified small business firms on construction goods and services to 40% of eligible dollars spent		
Performance Measures	Performance Target	Actions
Review maintenance and small cap work for small business opportunities	Identify small business contractors	Select small business contractors from CPO business list when need for outside services is necessary
Objective: Increase work force training, job and business opportunities for local communities in maritime, trade, travel and logistics		
Performance Measures	Performance Target	Actions
Veterans fellowship program	Hire one Veterans Fellow in 2016	Seek opportunities to hire a Veterans Fellow in the Maritime Division

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – BE THE GREENEST AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

Objective: Collaborate with industry to reduce environmental impact while enhancing our competitive advantage		
Performance Measures	Performance Target	Actions
Represent the maritime Division in Memorandum of Understanding between the Port of Seattle, CLIA-NWC and Ecology	Reach agreement between the three signatories of the MOU on crafting amendments to improve the program	Facilitate communication with all parties, Port Commission and staff and the cruise lines and participate in meetings and conference calls

STRATEGY: MANAGE OUR FINANCES RESPONSIBLY – OPTIMIZE MARITIME FINANCIAL PERFORMANCE

Objective: Grow Maritime revenue		
Performance Measures	Performance Target	Actions
Revenue growth	Commerical moorage increase	Market available berth space. Seek new use of P69 Berth – Secure lease agreement for P-34 Dolphins
Revenue growth	Identify new business prospects	Advance marketing efforts for attracting Mega Yacht business
Revenue growth	Identify new business prospects	Determine feasibility for passenger water taxi T91 to down town

STRATEGY: HIGH PERFORMANCE ORGANIZATION

Objective: Align leadership, people and systems with strategic priorities and plans		
Performance Measures	Performance Target	Actions
PREPs aligned with Port priorities	100% of CMOS annual PREPs include metrics tied to Port priorities— Employee development	Ensure all staff Performance Plans incorporate at least one metric tied to Port Strategic Priorities and Plans
Objective: Strengthen a high integrity, continuous improvement culture		
Performance Measures	Performance Target	Actions
Continuous Process Improvement (CPI)	One new idea for CPI evaluation	Review Maritime Operations billing procedures. Adopt, Implement new methods
	Embrace CPI improvements adopted by Maritime Division	CMOS aware of emerging new processes, and adopts when appropriate
Objective: Increase organizational and individual ownership for safe and secure work practices and healthy living		
Performance Measures	Performance Target	Actions
Support Non-Aviation Departments with their Continuity of Operations Plans (COOP)	Provide support in developing and maintaining COOP	Provide information and tools needed for each department to develop COOP. Information sharing for individuals to be prepared at home and within their own work environment
Personal Protective Equipment (PPE) on jobsites	100% compliance/ Safety	CMOS staff utilizes appropriate PPE when on terminals/construction sites. No Injuries

COMMERCIAL AND RECREATIONAL MARINAS 2016 BUSINESS PLAN

MISSION:

To operate recreational marinas, commercial fishing harbors and commercial properties in a way that distinguishes us from other marinas by: offering a full-range of products and services of value; delivering extraordinary customer service; using our creativity to provide amenities and events that make us unique; operating efficiently and cost-effectively; maximizing the assets that we manage for the Port; ensuring compliance with all legal, financial, and regulatory aspects of ownership; providing a rewarding work environment for our employees; and promoting a spirit of partnership within the communities that we serve. Our goals will be accomplished with professionalism, integrity, and respect for the environment in support of the mission of the Maritime Division and in alignment with the Port's Century Agenda.

DESCRIPTION:

The Commercial and Recreational Marinas' Group includes five marinas serving commercial and recreational vessels as well as tenants of commercial buildings. The two commercial fishing moorage facilities, home to the North Pacific Fishing Fleet, provide space for more than 600 commercial fishing vessels, commercial and Tribal work vessels as well as recreational vessels. The three recreational marinas provide facilities for more than 1,600 recreational, commercial fishing, and commercial pleasure vessels and 13,000+ guest boaters. The waterside facilities provide floating moorage slips, fixed piers, inside and outside storage, cranes/hoists, fuel dock/store and other products and amenities. Landside facilities are comprised of 219,000 square feet of commercial buildings that include 85 offices, industrial and retail leases, which include a shipyard, two boatyards, a marine transportation operation, retail shops, restaurants, sailing clubs, yacht brokers and more.

Port facilities are:

- **Bell Harbor Marina** - a recreational marina on the Seattle Central Waterfront
- **Fishermen's Terminal** – the Homeport of the North Pacific Fishing Fleet is primarily a commercial marina with commercial buildings that also accommodate recreational vessels, located at the north end of Seattle on the Lake Washington Ship Canal
- **The Maritime Industrial Center** - a commercial marina with commercial buildings to the west of Fishermen's Terminal on the Lake Washington Ship Canal
- **Harbor Island Marina** - a recreational marina at the southwest end of Seattle at Terminal 102
- **Shilshole Bay Marina** - a recreational marina in the north end of Seattle, west of Ballard, next door to Golden Gardens Park

Providing extraordinary customer service (GEM-Going the Extra Mile) is our primary focus. Customers include: office, industrial and retail tenants, commercial and sport fishermen; commercial pleasure and work boat operators; recreational boaters including mega-yacht owners; Tribal members; and other commercial businesses including boating charters, sailing clubs, yacht brokers, parasail operator, kayak rental, a fuel dock operator and more.

There is a strong link between each of the facilities and our neighboring communities of Ballard, Magnolia, Central Seattle Waterfront and West Seattle.

STRATEGIES:

- Meet or exceed net operating income targets by maintaining market rates and achieving our occupancy goals. Focus on new revenue streams and expense reduction opportunities.
- Respond to changing market conditions and enhance the value of each asset by continuing to selectively evaluate the various assets within our portfolio to identify and pursue new opportunities, such as strategic redevelopment plans, for existing assets.
- Maintain and manage assets to meet market demands, while focusing on earning a greater return on the public's investments. Analyze future capital improvement alternatives considering total cost of ownership and impact to the bottom line.
- Focus on effective expense controls while meeting the needs of our tenants and customers.
- Be a leader in innovation and creativity within the Northwest recreational marina industry by continually looking at ways to add value to our customer's experience and to the marina industry.
- Support the Century Agenda and its maritime jobs objective by growing boating through partnerships with organizations involved in the engagement of youth in maritime activities/events and boating programs.
- Promote environmental stewardship by operating clean and green marinas/harbors and further educating customers and the public.
- Maintain safe and secure facilities via safety programs and employee vigilance; thereby minimizing the potential economic and physical loss to the Port.
- Develop and mentor our employees to enhance their skills and to better serve our customers.

INDUSTRY ASSESSMENT:

The Commercial and Recreational Marinas Group encompasses three different specialties: Commercial real estate management; fishing and commercial vessel moorage and services management; and recreational vessel moorage and services management.

Commercial Properties – Ship Canal/Ballard Submarket

(Reference: Kidder Mathews 4th Q. 2014, Colliers 4th Q 2014, and CBRE 4st Q 2014)

The commercial buildings at Fishermen's Terminal, the Maritime Industrial Center and Shilshole Bay Marina are located within the Ship Canal/Ballard submarket and are generally considered to be Class B and C properties due to their age and condition.

The effects of the recession have subsided and according to local market reports we will experience steady improvements throughout 2016. Class B and C vacancy has continued to decrease in the Ship Canal Market and was at 4.4% in the 4th Quarter of 2014. Rates in lower Queen Anne/Lake Union dropped from 8.9% to below 7.0%. As Seattle's Central Business District recovers and the vacancies there decrease, the attractiveness and popularity of Fremont, Magnolia, Ballard and Wallingford are factors that have allowed many buildings in the area to retain tenants and sustain more demand than some of the other office submarkets. There are plans for a 500,000 sf office campus to be built along the Lake Washington Ship Canal in Ballard. Tech companies like Google and Tableau Software have been filling up buildings in nearby Fremont and the developer is banking on the property's waterfront location to draw tenants. Joining in this rush of tech companies moving to Seattle is Expedia, who recently announced its plans to move their headquarters from Bellevue to the 42 acre Amgen campus in Interbay. According to Colliers there is little to no new office space available in Ballard. Construction of new development won't start until some of the space is pre-leased.

Class B and C Office

The vacancy rate for Class B and C office space in the Ship Canal submarket is 4.5% compared to 6.5 % vacancy rate in the Queen Anne/Magnolia submarket and a 10.0% overall vacancy rate for the Puget Sound region. Market rent rates for Class B office spaces are slightly higher than those in 2014 and range from \$16.50 - \$19.50/sf /NNN for nicer well-kept Class B office space. Brokers indicated that a landlord would be fortunate to get \$16.50/sf/NNN today for Class B space with aging improvements. Some landlords are starting to pull back on concession packages but many in this sub-market are still offering concessions that include a combination of abated rent and up to \$40.00/SF for tenant improvements, particularly in buildings with lower occupancy. The Maritime Industry has a large presence in the Ship Canal/Ballard submarket and has not been lured away due to the need to be in close proximity to the commercial fishing fleets located there. According to most reports and to local brokers, rent and occupancy rates should continue to increase as consistent leasing and positive absorption ease pressure on landlords.

Industrial

The Puget Sound Industrial market has rebounded in the past two years and has been showing steady absorption which is expected to continue through 2016. Demand for industrial users remains high, especially for larger warehouse space in the 50,000 – 100,000 sf range. Rental rates rose during 2014 and are expected to hold steady in 2015 and 2016. For the third time in four years, the Puget Sound industrial total vacancy rate is well below 7.0%. Total vacancy in the Kent Valley is 5.8% and in the Seattle/Close-In market the total vacancy rate is 5.7%.

The available quarterly reporting on industrial property focuses on the Kent Valley, where average rates for warehouse/distribution are \$.40-\$.50/sf/mo for spaces under 10,000 sf. In the Seattle/Close-In market, average rates are \$.45-\$1.00/sf/mo for medium to high grade buildings. These rates are both expected to increase slightly in 2016. Average warehouse rates in the Ship Canal area are around \$.55/sf/mo. Land in this submarket is ranging from \$.15-.20/sf/mo, which is the same range as land in the Seattle/Close-In submarket. In general the Ship Canal submarket, Ballard in particular, is an extremely tight market and warehouse space remains scarce. The warehouse vacancy rate reported in the Interbay submarket was 2.2%. A lot of buildings are owned and occupied by businesses that have been there for decades. .

Recreational Boating

Nationwide, marinas are experiencing steady growth in the recreational boating industry. For 2014 nationwide:

- 82% of marinas reported that they maintained their previous occupancy or improved it over the previous year and 52% of marinas reported higher gross profits in 2014. However, a majority of the facilities reported that their moorage rates remained at the 2013 level.
- Facilities saw the largest increased revenues with in-water rentals (kayaks, paddle boards, etc.), boat rentals, restaurants, leased slips, fuel, and boat sales. For Washington State, the 4th Quarter of 2014 out sold the 4th quarter in 2013 by 98 boats. This was a 75% increase for new boat sales. The used boat market still composes the majority of boat sales and they outperformed 2013 by 492 boats.

The industry continues to be challenged by trending barriers such as the affordability of boats and boating, attracting younger generations and minorities, and the emerging regulatory restrictions through taxes and reduced access to water. However, the 2015 Seattle Boat Show registered a drop in average age of attendees from 51 to 48 years old, which was the first drop of this metric in sixteen years. In addition, boaters' expectations are driving up marina operating costs by demanding moorage facilities to be more innovative in their approach toward customization, automation and personalization. Amenities, finishes, and architectural details once considered high-end and reserved for the most luxurious marinas are making their way into the mainstream.

Fishing and Commercial

The long-term financial forecast for the commercial fishing industry is stable mainly due to sustainable fisheries in the Bering Sea and Gulf of Alaska. The Alaska fisheries are recognized as the most successfully managed fisheries in the world, ensuring the success of the industry in the future.

Fishing and commercial boat operations continue to remain strong in the Puget Sound region. Revitalization of the large boat fleet is a good indicator of the health of the industry and commercial fishing companies continue to plan for, and are starting to build, new boats to replace aging fishing vessels.

In addition to new vessel construction, the Puget Sound region benefits from dollars spent on maintenance and improvements to commercial fishing boats in the off season. According to a 2012 economic impact study by the Workforce Development Council of Seattle and King County, there were 57,700 workers and \$30 billion impact by the maritime industry to our region.

Although Alaska ports are working to build better infrastructure to support the small boat fleets, Puget Sound continues to be very attractive for off season moorage for all sizes of commercial boats due to better weather conditions conducive to working on boats as well as an established parts and service network.

BUSINESS ASSESSMENT:

Fishermen's Terminal and The Maritime Industrial Center - Waterside

Commercial fishing vessel moorage demand remains steady with annual occupancy over 80%, even with the majority of our customers leaving to work in Alaska for various parts of the year. Small commercial fishing boats (<40') is the market that is most at risk due to the expense of operating a boat, owners retiring and boats relocating. We are able to compensate for this loss of business to some degree by providing monthly moorage for smaller recreational vessels which do not require year round moorage.

Daily moorage demand for use of the loading docks on the West Wall and the Northwest Dock continue to exceed supply at certain times of the year. Because many of our customers work in the same fisheries, they all have the same deadlines and plans and accommodating all of them during key times of the year is challenging.

Demand for gear storage, both inside and outside, continues to be strong and exceeds supply. Currently there are no ground floor storage lockers (net sheds) available and all outside fenced storage gear does not fit into the fenced storage areas resulting in net pallets loaded with gear being placed throughout the terminal.

Dock and moorage assets at Fishermen's Terminal are all fairly new with the exception of the Northwest Dock, which is the oldest dock and now approaching thirty years old. Available shore power systems for the various sizes of boats continues to set us apart from our competition. Over the next ten years, the capital plan for the entire Fishermen's Terminal property calls for as much as \$90 million in projects such as the NW Dock improvements, Docks 3 & 4 rehab, corrosion protection to seawalls, Net Shed buildings roof replacements, and the Maritime Industrial Center west and central pier resurfacing. These projects are subject to the overall Port of Seattle capital plan funding priorities.

The financial outlook for the terminal is projected to continue to be stable. The opportunity for increasing revenues will come from increasing the number of recreational vessels, as the recapitalization of the distant water large vessel fishing fleet will, for the most part, replace old vessels with new ones, not necessarily adding vessels to their respective fleets. However, the recapitalization of the commercial fleet represents a stable and well managed industry. Moorage rates at the terminal for fishing and commercial vessels are at market when compared to other Puget Sound public ports. Recreational vessel rates at the terminal are at market as compared to local marinas. We continue to look at Fishermen's Terminal in an enterprenial fashion for revenue generating opportunities.

Fishermen's Terminal and The Maritime Industrial Center - Landside

The commercial property occupancy rate at Fishermen's Terminal is 97% and at the Maritime Industrial Center is also 97%. The office industry widely considers the average long term occupancy rate for office space to be 95%. The main focus throughout 2016 will be to remain creative in retaining existing tenants and maintaining property values. Continuous efforts will be made in offering excellent customer service, increasing rental rates levels on renewals and accommodating space reductions and expansions while improving space for quality tenants.

Starting negotiations earlier to renew leases with existing tenants and providing rent abatement concessions in exchange for longer lease-term commitments will keep the rents at market rate and be a pro-active move in assuring tenants are not lured away by the new development of office space in nearby Ballard.

There is a small amount of vacant office space that we will continue to market using the various MLS sites for commercial office space. We will also be working closely with the Commercial and Recreational Marinas Group to secure maritime related tenants that can use both the landside and waterside assets at the two facilities.

Shilshole Bay Marina - Waterside

Monthly moorage occupancy remains strong at over 95% at Shilshole Bay Marina which handles the majority of the port's monthly recreational moorage. The continued high level of success is attributed to the marina's location, state of the art docks designed with good maneuverability and wide navigation channels, a strong and active liveaboard community, and the customer focused experience the staff provides. Customer needs have led to new revenue generating ideas which require more study such as: Gear storage rental, off-season RV use, additional non-port events, expanding the liveaboard cap and adding food trucks. There are plans in place to analyze these ideas as well as to explore the following: Paid parking, providing Wi-Fi service to our customer which is now a common amenity in the industry; and soliciting development opportunities for an on-site restaurant (ground lease) to attract guest moorage customers and the public. The marina will be facing a number of major improvements over the next five years such as: replacement of the 1960's era restroom/shower/laundry buildings that do not meet the needs of many of our customers; repairs to utilities; repairs to the mile long parking lot/pavement; repair of the fuel dock building (built in 1962); and rehabilitation to two docks that were not addressed in the 2006-2008 Dock Replacement Project.

Shilshole Bay Marina - Landside

The commercial property occupancy rate at Shilshole Bay Marina is 100%. The main focus throughout 2016 will be to retain existing tenants and maintain property values. Continuous efforts will be made in offering excellent customer service, holding rental rates at current levels on renewals (if at market) and accommodating space reductions and expansions while improving space for quality tenants.

Bell Harbor Marina relies on short-term guest moorage revenues and remains the only marina with easy access to the downtown corridor primarily. In the off season, a portion of guest moorage is changed over to monthly moorage in order to increase revenues. As the local economy is showing signs of recovery, there is an optimistic belief that Bell Harbor has the highest potential for future growth in terms of occupancy and revenue. New floatation has recently been added to the docks that will help extend the life of these assets. In addition, the marina office has been remodeled to better help meet the needs of our customers. BHM is facing capital improvement in the next few years to extend the life of the under pier pilings. The wavebreak panels will have to be addressed in the future: however, the panels recently underwent an assessment that indicated they have greater longevity than initially thought. BHM will eventually be affected by the waterfront construction which could have an impact on its revenues in the near future.

Harbor Island Marina is an aging facility. Plans are in place to begin repairs of E-dock (float used by commercial tugs) in the fall of 2015. This dock is most in need of rehabilitation... Future dock repair projects are planned to follow every two years. Harbor Island Marina has a lower price point that is attractive to many cost-conscious boaters. This has led to the marina achieving a 94% occupancy rate, its highest rate in the past two years. We expect this improving occupancy trend to continue for at least another two years as we continue to make repairs. A challenge for marina pricing is its proximity to two concrete plants which produce dust on marina vessels.

KEY CHALLENGES AND OPPORTUNITIES:

Commercial Real Estate:

Challenges

- Compliance with legal, financial and regulatory aspects of public entity ownership of real property can result in having a less competitive edge than the private sector in the commercial real estate market (contracting procedures, security deposit requirements, and limited flexibility in negotiations). This is likely to be reflected in achievable lease rates at the lower end of the market range and/or lengthier vacancies through missed opportunities.
- Having experienced high vacancy rates over an extended period, landlords of commercial real estate will continue to aggressively pursue tenants looking for commercial space. Well-positioned and maintained properties that offer attractive amenity packages more readily benefit from improving market conditions.
- Improving operating efficiencies in properties with aging infrastructure and implementing energy conservation improvements will involve forward planning and capital investment.
- Increasing regulatory requirements increase maintenance costs.

Opportunities

- The current real estate market appears to be trending toward continuing recovery which suggests more opportunities for improving future revenue.
- Trends in lowering total operating expenses through maximizing building efficiency supports investments made in energy conservation initiatives.
- Upland redevelopment in connection with the Fishermen's Terminal Strategic Plan.

Recreational Boating:

Challenges

- Keeping facilities available, customers satisfied and revenues coming in, during upcoming capital improvement projects including Seattle waterfront construction projects.
- Maintaining assets responsibly within the Port system while still controlling costs.
- Designing and rebuilding the Shilshole multi-use service buildings (restrooms/showers/laundry) in a way that will meet the needs of our customers and boost our current revenue streams.
- Receiving timely services from our Port Partners.
- To be understood as a business that is built on leisure, hospitality, and fun.
- To provide all of the services that our 1600 + customers need and the work product that our leadership needs at three marinas with 17 staff members who cover a 7 days/week operation schedule.
- To find and implement new revenue streams without making the customers feel like they are being nickled and dimed or being taken advantaged of.

Opportunities

- Adding value to Shilshole Bay Marina and new revenues where possible through projects and grants such as: Seaview Boatyard expansion, customer service buildings (restrooms/showers/laundry), restaurant pad (ground lease), outdoor fitness trail, guest moorage kiosk, storage for boating equipment, paid parking and bringing in more boatshows and 3rd party events.

- Exploring new lines of business that were previously not within the Port’s strategy such as: dry stack moorage, creating a new Recreational or Commercial Marina at Harbor Island Marina, etc.
- Leveraging partnerships to create opportunities with Corinthian Yacht Club, The Adventuress, Seattle Yacht Club, Northwest Marine Trade Association, to name a few.
- Utilizing new technologies to create efficiencies, such as an updated marina software system and handheld technology. Provide reliable connectivity so that future income streams based on technology would be available to us.
- Determining what additional staff services that we could charge for while not causing a labor issue. An example would be pressure washing boats.

Fishing and Commercial:

Challenges:

- Potential for further slow decline of the small boat fishing fleet (<40’).
- The price of fuel to vessel operators traveling to and from Alaska, likely at a new normal level.
- Poor weather conditions in June, July and August discouraging small recreational boat owners from taking moorage.
- Capturing the new business from the revitalized large commercial boat fleet is essential to remain the homeport of the North Pacific Fishing Fleet. However, with the revitalized fleet comes longer stays on the fishing grounds, as commercial fishing vessels are staying out of port longer to maximize economic returns by diversifying their use, i.e. from fishing to tendering.

Opportunities:

- Retain business from commercial fishing customers who are recapitalizing their fleets.
- Continue to grow the recreational vessel fleet.
- Use visibility of the fishing and maritime industry economic impact results to promote legislation that would incentivise continued growth within the industry.

2016 STRATEGIES AND OBJECTIVES

STRATEGY: MANAGE OUR FINANCES RESPONSIBLY – OPTIMIZE MARITIME FINANCIAL PERFORMANCE

Key Objective: Meet 2016 Financial Targets		
Performance Measure	Performance Target	Actions
Commercial and Recreational Marinas Group Total	NOI before depreciation of (\$TBD)	<ul style="list-style-type: none"> • Review performance monthly and adjust spending to meet the target. • Execute the Marketing Plan and the Operations Plan. • Work collaboratively with Marine Maintenance to identify and implement efficiencies throughout the year. • Analyze additional revenue streams and implement where feasible.
Fishermen’s Terminal	NOI before depreciation of (\$TBD)	<ul style="list-style-type: none"> • Same actions as above.

Maritime Industrial Center	NOI before depreciation of \$TBDK	<ul style="list-style-type: none"> • Same actions as above.
Shilshole Bay Marina	NOI before depreciation of (\$TBD)	<ul style="list-style-type: none"> • Same actions as above.
Other Marinas	NOI before depreciation of (\$TBD)	<ul style="list-style-type: none"> • Same actions as above.
Key Objective: Achieve Target Occupancy While Maintaining Market Rates		
Performance Measure	Performance Target	Actions
Achieve moorage and commercial occupancy targets by year-end.	BHM Moorage: 74% FT Commercial: 95% FT Moorage: 80% HIM Moorage: 95% MIC Commercial: 95% MIC Moorage: 70% SBM Commercial: 95% SBM Moorage: 92%	<ul style="list-style-type: none"> • Develop and maintain an ongoing leasing and marketing strategy for assets that responds to current commercial real estate market conditions that include recommendations for: marketing; asking rates based on market conditions; concessions (i.e. improvement allowances and rent abatements); level of maintenance; capital improvements & utilization of outside brokers • All staff continue to provide an extraordinary customer service experience (GEM-Going the Extra Mile) through a welcoming attitude, clean facilities and docks, continuance of the GEM Program and events. • Operations and Marketing staff together review monthly the occupancy, demand and trends. Adjust action plans as needed.
Increase daily and monthly recreational moorage at Fishermen's Terminal	Increase daily and monthly recreational moorage over 2015 Actual	<ul style="list-style-type: none"> • Continue to implement where possible extending summer moorage availability at the beginning and end of the summer. • Continue recreational customer outreach for moorage availability and the quality of our product via boat shows, NMTA, meeting with customers and marine vendor groups.
Increase guest moorage at BHM and SBM.	Increase daily and monthly recreational moorage over 2015 Actual	Implement Marketing strategies/plans specifically targeting guest moorage at SBM & BHM through targeted marketing, event advertising, creative partnerships and outreach.
Key Objective: Identify and implement new revenue streams.		
Performance Measure	Performance Target	Actions
Finding and fully vetting potential new revenue streams.	Have one new revenue stream ready with plan to implement by the start of Q1 2017.	<ul style="list-style-type: none"> • Assemble list of revenue ideas and prioritize by potential impact to revenue. Q1 • Determine total costs and revenues for 3 of the top ideas. Give Finance the data to do a long term analysis on ideas.Q3

		<ul style="list-style-type: none"> • Develop plan for the item with the greatest positive return.Q4 • Begin revenue stream implementation Q1 2017. Q3 2017 develop plan for 2nd revenue stream.
Objective: Maintain existing assets and invest in new developments to sustain and enhance Maritime Division vitality		
Performance Measure	Performance Target	Actions
Implement capital projects	<ul style="list-style-type: none"> • Complete design and permitting for SBM customer service center buildings (restroom, showers, laundry, storage) Q3. • Construction bids for Customer Service Bldg. and start of construction by Q3. • Complete the remodel of SBM Fuel Float Q1. • Begin design of SBM lower “A” Dock improvements Q4. • Complete design of BHM Pile Wraps Q4 • Complete the refurbishment of HIM Commercial E-Dock. Q1. • Implement planning and design for FT Paving Project Q3 	<ul style="list-style-type: none"> • Gain Commission funding approval for all projects meeting the threshold. Work with Project Management to assist with completion of improvements per Plans. • Continue Customer and Community Communications and Coordination Plan working with Public Affairs. <p>*Design for A-dock will only commence after approval is granted by leadership. Any required construction will not be started until after restroom project is completed, May 2017.</p>

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – USE OUR INFLUENCE AS AN INSTITUTION TO PROMOTE SMALL BUSINESS GROWTH AND WORKFORCE DEVELOPMENT

Objective: Foster New Business Opportunities for Local Businesses		
Performance Measure	Performance Target	Actions
Utilize small businesses	15% of direct expense.	When feasible, utilize qualified small businesses.
Objective: Increase Work Force Training for Local Communities in Trade, Travel and Logistics		
Develop a partnership with other maritime groups to help expand youth maritime programs	Q4	Work with Marine-related organizations such as, Corinthian Yacht Club, Seattle Yacht Club, NW Marine Trade Association and/or the Adventuress, etc, to develop programs, events or relationships that will help expose youth to

		boating and the maritime industry.
Hire interns	Hire by Q2	Hire an intern at FT and create a maritime learning experience.

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – BE THE GREENEST, AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

Objective: Integrate Business Friendly Environmental Objectives into our Organization		
Performance Measure	Performance Target	Actions
Provide more vehicle charging stations that will support the growth of electric car utilization thereby improving the air quality.	Determine method of implementation. Q4	<ul style="list-style-type: none"> • SBM: Work with Environmental to analyze and determine the means and methods of installing Electric Vehicle Charging Stations. Q3- based on completed design and placement of restrooms, locate areas that have easy utility access. Q4 - Analyze available options: Port Installed or Private vendor. • 2017, Q1 – Move forward with design and layout or begin RFP for Vendor solution.Q4 – implement design plan or sign contract. • 2018, Q1 – project completed. .
Utilize energy and resource efficiencies in the design and construction of the SBM Customer Service Facilities.	Designer fully analyzes and discusses all opportunities for energy efficiency, environmental impact and resources used.	Work with Project Manager and designers to investigate green options for the Customer Service Facility. Vet each relevant option through the help of the Finance Department.
Objective: Conduct Business Activities in Environmentally Appropriate Ways		
Performance Measure	Performance Target	Actions
Maintain Clean Marina Washington/EnviroStar Certifications	Certification maintained and/or achieved Q4	<ul style="list-style-type: none"> • FT: Maintain regulatory requirements to achieve EnviroStar recertification by year-end • SBM/BHM/HIM: Maintain standards to satisfy regulatory certification requirements (certified every three years; 2014 last certification)
Enforce Marina Best Management Practices (BMP's) & agency regulations.	Zero regulatory violations. BMP Update Q4	<ul style="list-style-type: none"> • Marina staff continually educate customers about the BMP's & agency regulations including enforcement. • Review FT & Recreational BMP's annually with Environmental and update as needed

STRATEGY: HIGH PERFORMANCE ORGANIZATION

Objective: Increase Organizational and Individual Ownership for Safe and Secure Work Practices and Healthy Living		
Performance Measure	Performance Target	Actions
Attain perfect score on the Health & Safety Plan audit	100% on YE 2015 Safety Plan audit (published Q1)	100% of employees complete all requirements and training as specified in the facility Safety Plans
Objective: Align Leadership, People and Systems with Strategic Priorities and Plans		
Performance Measure	Performance Target	Actions
PREP Plans include clear accountabilities, measures, participation in Port diversity activity and a Personal Development Plan	<ul style="list-style-type: none"> • Complete meetings with 100% of employees by end of January • 100% of PREP plans are completed on time • 100% of Staff 	<ul style="list-style-type: none"> • Managers meet with employees to ensure understanding of accountabilities, measures including linkages of their work to the 2016 strategies, goals, and actions. • Staff members will attend or participate in one diversity activity per year. • Each employee will include a personal development plan in PREP; completion by year by year-end. • Employees and Managers complete PREPS on time.
Objective: Strengthen a High Integrity, Continuous Improvement Culture		
Performance Measure	Performance Target	Actions
Implement an industry generated, 3 rd party marina management system	Q4	<ul style="list-style-type: none"> • Implement and complete the Work Plan including software installation, training of staff, working with ICT.
Educate staff members about Lean	To be scheduled by Maritime Division Managing Director	<ul style="list-style-type: none"> • Require staff to attend a LEAN class by end of Q4 (may need to be phased)
Implement work process improvements utilizing the Lean process	<ul style="list-style-type: none"> • Q1 process review & prioritization. • Implement one new process improvement by year-end 	<ul style="list-style-type: none"> • SBM: Review operation processes and prioritize by Q1. • Q4 – Finalize agreed upon procedures and associated documents.

MARITIME ENVIRONMENTAL & PLANNING 2016 BUSINESS PLAN

MISSION:

The mission of the Maritime Environmental and Planning department is to be the global leader among ports in demonstrating stewardship and reduction of the environmental impact of our operations, while enhancing our competitive advantage and preparing for the future of a growing maritime business.

DESCRIPTION:

Maritime Environmental and Planning is comprised of teams of professionals working in Remediation, Air Quality, Permitting and Compliance and Facility and Land Use planning. We support the Maritime and Economic Development Divisions as well as the Seaport Alliance and seek to demonstrate environmental stewardship and value to the business that we support and to the surrounding community.

STRATEGY:

Long Term Strategic Planning: To prepare for the future of a growing Maritime Business

Asset and Portfolio Management: Pursue better ways to address and implement environmental regulations

Operations: To improve income from operations while providing asset and environmental stewardship

Finance and Information Systems: To use information systems and financial analysis to make prudent decisions consistent with our guiding principles.

CHALLENGES AND OPPORTUNITIES:

Challenge: Washington State has increasingly stringent regulations, particularly in the area of stormwater, construction and sediment clean up, and these can add substantial costs and impediments to business and operations.

Opportunity: Increasingly stringent regulations are creating a market for mitigation

Challenge: Funding is increasingly difficult to obtain for grant funded projects and funds available from business revenues are also increasingly constrained. However, proposed changes to MTCA grant rules may open up funding opportunities

Challenge: Cleanup project and permitting schedules controlled by regulatory agencies and may move slowly

Challenge: Department of Ecology direction increasing the number of sites under cleanup agreed orders is challenging

Challenge: City policies for densification can make maintaining industrial uses challenging

Opportunities to further apply CPI principles to permitting

Increasing controls on Green House Gases could be both a challenge and an opportunity

Opportunity: Creation of a stormwater utility creates revenue to maintain and repair stormwater infrastructure.

2016 STRATEGIES AND OBJECTIVES

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB

Objective: Grow Seaport annual container volume to more than 3.5M TEU’s (Big Ship Ready)		
Performance Measures	Performance Target	Actions
Co-manage Harbor-wide (East and West Waterways): USACE/ Seattle Harbor Deepening Study	Work with ACE towards 2017 Feasibility completion. 2020 – obtain project authorization and initiate planning and design phase.	Contribute information and coordinate as needed by USACE Draft Feasibility Study which will identify the tentative deepening plan in 2016
Complete environmental review and prepare, submit and acquire permits for Terminal 5	Meet defined permit schedule	Manage permitting process to meet Feb 2016 deadline for T-5
Objective: Double the economic value of the fishing and maritime cluster		
Performance Measures	Performance Target	Actions
Develop Fishermen’s Terminal Strategic Plan and Obtain Commission approval	Return to Commission by end of Q4 with design concepts	Obtain Consultant, perform outreach, and develop concept alternatives

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – ADVANCE THIS REGION AS A LEADING TOURISM DESTINATION AND BUSINESS GATEWAY

Objective: Double the economic value of cruise traffic to Washington State		
Performance Measures	Performance Target	Actions
Complete environmental review and prepare, submit and acquire permits for Alaska Way Street widening.	Meet defined permit schedule	Manage permitting process to meet project goals

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – BE THE GREENEST AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

Objective: Meet all increased energy needs through conservation and renewable sources		
Performance Measures	Performance Target	2016 Actions
Reduce electrical energy needs through conservation with positive financial metrics	No increase in electrical energy use from 2011 baseline by 2020	<ul style="list-style-type: none"> • Install outdoor lighting upgrades at Fishermen's Terminal and Jack Block Park in 2016 • Perform energy audit at 1 other Maritime facility per energy performance plan for

		inclusion in 2017 CIP budget
Increase use of renewable energy	Include cost effective renewable energy project is 2017 CIP budget	<ul style="list-style-type: none"> Identify 1 cost-effective renewable energy project by Q4
Objective: Meet or exceed agency requirements for storm water leaving facilities owned or operated by the port		
Performance Measures	Performance Target	Actions
Meet conditions of Port Phase I municipal NPDES permit.	No non-compliance conditions	1. Prepare Annual report to Ecology to demonstrate 2015 compliance. Track 2016 compliance for 2017 report.
Implement and manage Port Stormwater Utility to deliver efficient and effective stormwater services.	Assess and survey condition of all stormwater conveyance by 2018 and complete maintenance of 30% of stormwater system by 2020	<ol style="list-style-type: none"> Collect stormwater fees for Port utility accurately, correctly, and verifiably beginning on January 1, 2016 Extend utility billing/lease boundary database system to all sites by end of 2016. Assess 40% of stormwater infrastructure by Q4 Identify and Plan for rehabilitation of stormwater system for 200 acres for 2017
Objective: Reduce air pollutants and carbon emissions		
Performance Measures	Performance Target	Actions
Meet Northwest Ports Clean Air Strategy goals	Admin-1: Port Administration Fuel Efficiency plan (including anti-idling and other operational measures) for Port vehicle fleet maintained	Admin-1: Implement and update e fuel efficiency (including anti-idling and other operational measures) plan for Port fleet by Q4
Reduce carbon emissions from port operations	<p>Conduct 2015 The Climate Registry (TCR) inventory by Q3 2015</p> <p>Downward trend in total Green House Gases (GHG) emissions reported to The Climate Registry</p>	<p>Complete TCR inventory and submit to TCR</p> <p>Analyze results and trends in GHG emissions</p> <p>Update energy performance plan to ensure continued downward trend in GHG emissions</p>
Objective: Anchor the Puget Sound urban-industrial land use to prevent sprawl in less developed areas		
Performance Measures	Performance Target	Actions
Industrial-land use regulations in City's Comprehensive Plan	Replace 'IC' zoning with a new industrial zone concept that better incentivizes	Engage in in City public process associated with land use studies and processes by

<p>update and in City land use code support a growing maritime business</p>	<p>industrial development and maritime-related development – Target: 2016</p> <p>City’s Comprehensive Plan Update process retains and /or improves preservation of Industrial land use policies and protects freight corridors. Target: annually</p> <p>City’s arena triggered land use studies result in no residential or lodging uses in the stadium overlay district and that these studies result in enhanced industrial friendly land use regulations in the Duwamish MIC. Target: 2016 – 2018.</p>	<ul style="list-style-type: none"> • advocating with City staff, • writing comment letters as opportunities arise, • providing public testimony at City Council meetings and • collaborating with a wide range of stakeholders aligned with industrial preservation and coordinate mutual actions as appropriate.
<p>Objective: Restore, create and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliot Bay</p>		
<p>Performance Measures</p>	<p>Performance Target</p>	<p>Actions</p>
<p>Restore, create or enhance 40 additional acres of habitat in the Gteen/Duwamish watershed and Elliott Bay by 2035</p>	<p>Create 13 acres of new habitat at T117 by 2017</p>	<p>(assumes Trustee negotiations completed 2015)</p> <p>Bid and award T117 project by Q1</p> <p>Start construction T117 project by Q3</p>
<p>Generate revenue from habitat sites. Develop plan to develop habitat restoration into a line of business.</p>	<p>Develop a wetland habitat mitigation bank and evaluate other opportunities for revenue generation</p>	<p>Prospectus approved by Interagency review team – Q1</p> <p>Instrument approved – Q3</p> <p>Investigate potential of using habitat sites for city of Seattle ILF program mitigation</p>

Objective: Pursue Better ways to address and implement environmental regulations		
Performance Measures	Performance Target	Actions
Implement CERCLA and MTCA projects as efficiently and effectively as possible	Lower Duwamish Waterway 2. Complete Lower Duwamish Agreed Order work by end of 2019 3. T115N Remedial Investigation and Feasibility Study. Submittal of draft Feasibility Study in 2016.	1. Activated Carbon study construction in 2016. Monitor results in 2017-2019 2. Submit draft report by Q2
	East Waterway 1. East Waterway Feasibility Study finalized in 2016. EPA signs ROD and design phase initiated by 2020. 2. Design and implement the remedial action at T30 cleanup site by Q4 2017	1. Draft final report resubmitted to EPA by end of Q2. 2. Design and implement the remedial action at T30 cleanup site by Q4 2017
Facilitate compliance by tenants through ECAP program	Complete 30 inspections	Conduct inspections in compliance with Phase 1 municipal permits

STRATEGY: MANAGE OUR FINANCES RESPONSIBLY – OPTIMIZE MARITIME FINANCIAL PERFORMANCE

Objective: Reduce environmental liability through cost recovery		
Performance Measures	Performance Target	Actions
Provide cost recovery support as needed to other groups	Maximize cost recovery for environmental cleanups by working with the legal and financial teams in all environmental related actions as needed in 2015	Research, track costs, develop cost estimates and provide backup documents for cost sharing activities with other PRPs and to maximize recovery from insurance
	Provide support to legal for the lower Duwamish cleanup allocation	Provide technical and strategy support as needed to support justification of Port smallest allocation possible
	Continue to apply for remedial action grants	Provide 10 year forecasts, cost tracking, reporting and grant proposals.

STRATEGY: HIGH PERFORMANCE ORGANIZATION

Objective: Strengthen a high integrity, continuous improvement culture		
Performance Measures	Performance Target	Actions
Continue CPI progress	Complete additional CPI process	Pursue shoreline stabilization programmatic permit or other process.

MARINE MAINTENANCE 2016 BUSINESS PLAN

MISSION:

The mission of the Marine Maintenance Department is to maintain, preserve, upgrade, improve and enhance, as directed, the assets owned by the Maritime and Economic Development Divisions. We conduct our activities in a manner that fosters competitive business practices, customer service and benefit to the public and local businesses, as well as environmental responsibility and conservation.

We serve in support of the Century Agenda and tie our departmental goals to that plan and to the mission and goals of the Maritime and Economic Development Divisions.

STRATEGY:

Our business strategy is to fulfill the maintenance and property stewardship needs of our partners and customers while acting as stewards of the assets in the public trust.

- We conduct Preventive Maintenance and Corrective Maintenance to properly safeguard Port assets
- We engage in expense and capital improvements to support partner departments' business strategies
- We fully support the Port's business, community and environmental strategies with programs focused on Economics, Equity - Social Responsibility, Environment, Workforce Development and Employee Engagement.

DESCRIPTION:

Maintenance disciplines include automotive, carpentry, marine carpentry, electrical, general labor, painting, plumbing, sprinkler-fitting (fire protection), sheetmetal, welding, truck driving, sign writing, HVAC maintenance and elevator/escalator maintenance. Maintenance also provides services such as storm water pollution prevention, custodial labor, landscape labor, regulatory compliance and regulated materials management which fall into the property stewardship area. Most maintenance activities required by Port assets are available through the Marine Maintenance Shop, as are public works including small capital construction services and environmental and safety compliance support activities.

INDUSTRY ASSESSMENT:

Maintenance services are provided in many different ways to local industries. Contract, ad hoc, emergency response and fixed crew maintenance are all evident locally. There is no directly comparable market for the breadth of services Marine Maintenance provides.

BUSINESS ASSESSMENT:

Marine Maintenance has an assignment that is different from other local government entities. It is also different from that of Aviation Maintenance. The ages and types of properties are unique.

In a recent study by TokuSaku Consulting, data was collected and comparisons made against established benchmarks in clearly identifiable areas of maintenance.

Marine Maintenance compared favorably with a broad range of private and public maintenance organizations in cost of maintenance per rentable square foot.

Locally, in a cost per catch basin comparison to the University of Washington, Marine Maintenance performed at only two thirds the cost at UW. Similar results were noted in the comparison of fleet maintenance costs between Marine Maintenance and UW. (Full study submitted to Commission and available upon request.)

CHALLENGES AND OPPORTUNITIES:

- Challenge - Changes in maintenance demands from Maritime and Economic Development have required reconfiguration of Marine Maintenance service delivery
- Challenge - Increasing regulatory compliance requirements increase maintenance costs for business units
- Opportunity – Work with Storm Water Utility to structure appropriate relationship between department and utility
- Opportunity – Examine relocation of permanent Marine Maintenance Shop, which could offer opportunities to review service delivery model and cultivate new efficiencies, while creating interesting options for Economic Development - Real Estate related to the current Shop properties.

2016 STRATEGIES AND OBJECTIVES

STRATEGY: MANAGE OUR FINANCES RESPONSIBLY – OPTIMIZE MARITIME FINANCIAL PERFORMANCE

Objective: Meet 2016 Financial Targets - Conduct Marine Maintenance Activities Efficiently and Cost-Effectively		
Performance Measure	Performance Target	Actions
Meet Authorized Budget	+/- 2%	Monthly review and adjustment in spending to meet target
Reduce trip costs	Fifty (50) users processing work remotely	Acquire units Measure remote usage and trips saved
Evaluate MM Shop location	Full analysis, with recommendations	Analyze needs, location, cost and benefits of new location v. current

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – PROMOTE SMALL BUSINESS GROWTH AND WORKFORCE DEVELOPMENT

Objective: Foster New Business Opportunities for Local Businesses		
Performance Measure	Performance Target	Actions
Utilize small businesses	15% of operating and capital expenditures	Track purchasing and contracting activities in conjunction with OSR goals
Objective: Increase Work Force Training for Local Communities in Trade, Travel, and Logistics		
Increase work force training, job and business opportunities for local communities in trade, travel and logistics	Five Apprentices and Twelve Interns per year	Continue outreach to schools and support organizations - Utilize Apprenticeships and Internships Work with OSR and Aviation to share programs such as Career Workplace Exploration and Skilled Trades (CWEST)

STRATEGY: HIGH PERFORMANCE ORGANIZATION

Objective: Strengthen a High Performance, High Integrity, Continuous Improvement Culture		
Performance Measure	Performance Target	Action
Identify work process improvements.	Identify one new tool to improve efficiency.	Identify new work or technology tools to improve effectiveness (eg workflow, Akwire, etc) Participate in LEAN programs
% Personal development plan in PREP	100% of staff	<ul style="list-style-type: none"> Each non-represented employee will include a personal development plan in PREP
Staff and craft personnel involved in development opportunities.	Six (6) people actively engaged in development	<ul style="list-style-type: none"> Opportunities documented and reported

MARITIME FINANCE 2016 BUSINESS PLAN

MISSION:

To be a leading edge provider of quality financial management services and strategic support to the Port Commission, Executive, and Maritime and Economic Development Divisions and to play a fiduciary role in ensuring the most efficient and effective use of Port resources.

To be viewed by our customers as strategic business partners who provide exceptional, value-added services that enable them to achieve their mission and goals. We assume personal responsibility for understanding our customers' needs and delivering services that consistently exceed their expectations.

DESCRIPTION:

The Maritime Finance group provides financial consulting services and expertise to the Maritime and Economic Development Divisions of the Port of Seattle and to the Northwest Seaport Alliance.

STRATEGY:

Provide the Commission, Executive, Maritime and Economic Development and Seaport Alliance leaders with the tools to make informed business and strategic decisions related to current and future financial performance of the two divisions, the Port of Seattle overall and to the Seaport Alliance.

Ensure that the Maritime and Economic Development Divisions and Seaport Alliance are in compliance with accounting policies and procedures, Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards to support a clean opinion on the Port of Seattle's audited financial statements.

Reduce the Port of Seattle's environmental liability through cost recovery from clean-up partners, grants and insurers.

Attract, retain and develop a staff of financial experts with strong business sense and a customer service focus.

Continuously seek out ways to improve processes to make them more effective and efficient.

INDUSTRY ASSESSMENT:

Not applicable

BUSINESS ASSESSMENT:

The Maritime Finance team is made up of a group of dedicated, resourceful, and professional team members. We support a diverse group of businesses and an equally diverse group of customers who have varying knowledge of financial concepts, goals for financial improvement and wants/needs for financial support. Unlike the private sector, the Port of Seattle's primary goal is not just about improving the bottom line, but about creating jobs and economic vitality for the region while being a responsible steward of the environment. This creates a challenge for Maritime Finance where the focus is on improving the bottom line. We reconcile this situation by ensuring that the decision makers are well informed about the financial aspects and implications of decisions so that the appropriate tradeoffs are taken into consideration.

CHALLENGES AND OPPORTUNITIES:

Maritime and Economic Development Divisions are made up of a relatively diverse group of businesses that require lead time for new staff members to fully understand.

Maritime Finance supports a diverse group of customers who have varying knowledge of financial concepts, goals for financial improvement and wants/needs for financial support.

The budgeting cycle has extended from an approximately 4 month cycle (July – October) to effectively 6 month cycle (May – October).

Recent staff turnover has reduced the average years of Port experience staff members.

Time sensitive nature of business decisions typically require near immediate turn-around of financial analyses and other work projects.

Due to volume of unanticipated requests we often find ourselves in a reactive mode rather than position to make improvements and otherwise be proactive.

2016 STRATEGIES AND OBJECTIVES

STRATEGY: IMPLEMENT CENTURY AGENDA STRATEGIES – POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB

Objective: Structure our relationships with Washington ports to optimize infrastructure investments and financial returns		
Performance Measures	Performance Target	Actions
Advance the financial aspects of the Seaport Alliance.	Financial analyses and actions to advance the Seaport Alliance are insightful, thorough and timely	Partnering with Port of Tacoma personnel, support the Performance Reporting for the Seaport Alliance Determine appropriate Seaport Alliance financial support structure Develop service cost share model

STRATEGY: MANAGE OUR FINANCES RESPONSIBLY – OPTIMIZE MARITIME FINANCIAL PERFORMANCE

Objective: Meet 2016 financial targets		
Performance Measures	Performance Target	Actions
Maritime Finance & Budget 2016 Operating Expenses	Operating Expenses within 5% of 2016 Budget	Develop realistic Budget Monitor expenses on an ongoing basis and make adjustments in spending as needed
Objective: Reduce the Port’s environmental liability through cost recovery		
Performance Measures	Performance Target	Actions
Partner reimbursements invoiced and partners pay in a timely manner	Port partners are invoiced within 30 days after month-end	Timely preparation of partner billings Monitor timeliness of partner payment with follow-up on any delinquencies
Department of Ecology Grants are processed quarterly	Submissions are completed and reviewed within 30 days after quarter-end	Proper set up of processes to to efficiently and effectively comply with grant requirements Timely preparation and review of grant submissions

Insurance submittals are completed monthly	Submissions are completed and reviewed within 45 days after month-end.	Proper set up of processes to efficiently and effectively meet insurance requirements Timely preparation and review of insurance submissions
Objective: Provide timely, accurate, and insightful financial information and analyses for the Commission, Executive and other leadership teams for decision-making		
Performance Measures	Performance Target	Actions
Financial analyses	Financial analyses are insightful, thorough, accurate, and timely.	Provide analyses to evaluate existing and changing business opportunities including: <ul style="list-style-type: none"> • Investments in major capital and expense projects • Lease negotiations • Customer financial operational issues • Market rate analyses for marinas • Real estate valuations • Other business opportunities
Financial reporting	Reporting deadlines as published by Corporate Finance & Budget are met	Complete quarterly performance reports Monitor and update current year forecasts
2017 Maritime, Economic Development, Seaport Alliance Budgets and financial capacity analysis.	Budget deadlines as established by Corporate Finance & Budget and Commission Office are met	Facilitate the Maritime, Economic Development and Seaport Alliance 2017 Business Planning process. Manage the Maritime, Economic Development and Seaport Alliance 2017 Capital Budget process Manage the Maritime, Economic Development and Seaport Alliance 2017 Operating Budget process Manage the 10-Year Environmental Remediation forecast process Manage the process and develop the 10-Year Net Operating Income forecast

Objective: Ensure Divisions are in compliance with Accounting policies and procedures, Generally Accepted Accounting Principles and Government Accounting Standards

Performance Measures	Performance Target	Actions
Bi-annual measurement of Environmental Remediation Liabilities	Completed on time and with no audit findings	Establish calendars for bi-annual update Set up files and schedules in advance of start of update Ensure proper training of project managers making update Perform thorough review of schedules with analyses of unexpected results
Booking of new assets, removal of demolished assets and adjustment for impaired assets.	Completed on time and with no audit findings	Team member are responsible for monitoring asset changes within assigned business and service groups. Reports monitoring the status of capital projects are run on a quarterly basis with follow-up with project managers Detailed impairment review performed each January with interim reviews performed as circumstances arise.
2016 1/3 inventory of fixed assets	100% complete by 11/30/2016	Initiate process including calendar of due dates with Marine Maintenance by March 15, 2016 Meet interim deadlines
Annual Environmental Remediation Liability spending authorization and quarterly spending reports.	Key deadlines are met and reports are accurate.	Establish calendar and process for meeting deadlines Perform process Perform detailed as well “big picture” review of authorization memo/quarterly spending reports.

STRATEGY: HIGH PERFORMANCE ORGANIZATION

Objective: Align leadership, people and systems with strategic priorities and plans		
Performance Measures	Performance Target	Actions
% Participation in diversity activities	100% of staff	Each staff member will attend or participate in one diversity activity per year.
% Participation as a volunteer in at least one Port sponsored event.	100% of staff	Each staff member will volunteer in at least one Port sponsored event.
% Personal Development Plan in PREP	100% of staff	Each staff member will include a personal development plan in PREP.

Completion of annual PREP review on a timely basis	Complete PREP review within 1 week of review date.	Team members submit PREP self-reporting 2 weeks prior to PREP review date. Manager completes input and holds review meeting within 1 week of review date.
Objective: Strengthen a high integrity, continuous improvement culture		
Performance Measures	Performance Target	Actions
Work process improvements	Continue to restructure and repopulate libraries within the Maritime Finance SharePoint site to make it easier (e.g. more intuitive) for all to find past financial analyses, supporting workpapers, etc.	Continue to optimize structures. Move files from other libraries and from M:Drive into new libraries. Especially key historic information. Inform other relevant groups about new structure.
Objective: Attract, retain, inspire, and develop a diverse workforce that will achieve the Port's vision		
Performance Measure	Performance Target	Actions
Staffing utilization	Department is appropriately staffed in that all members are fully utilized, but have enough time to be able be proactive rather than re-active.	Continuous monitoring of workload and resources with adjustments as warranted