Port Overview

Value of trade  $40 billion
Total TEUs  1.7 million
Total tonnage  17.3 million
Autos  162,434
Vessel calls  1,006
Asset Summary

- Waterways: 12%
- Marine Terminals: 37%
- Rail and Intermodal: 3%
- Industrial: 17%
- Commercial: 12%
- Un-Purposed: 11%
- Environmental Habitats: 8%
Simple = Good
Asset Management ≠ Simple
1. Internal interviews
2. Initial ‘all-hands’ briefings; regular updates
3. Written Project Plan
4. Consultant scope of work and selection
5. Resource recruitment
   a) Working Group
   b) Executive Steering Committee
6. Selection of short-term wins
7. Long-term commitment
GOAL 1: ENHANCE THE PORT’S COMPETITIVE POSITION

Improve Port Business Assets to Meet Market Demand

1) Redevelop the General Central Peninsula terminal complex to increase container throughput and respond to container industry changes

2) Develop and implement a Strategic Asset Management Program
“The Port recognizes it must monitor the condition of its assets, know where to reinvest for the greatest good and improve its understanding and control of asset life cycle costs.”
Pilot an asset management program, in part, through creation of an ‘escrow’ database, without changing:

1. Our systems; or,
2. How we do our business

So that we can ‘learn by doing’ and adapt.
1. Process Requirements
   a) Methodical Process for Asset Enrollment
   b) Standardized Process for Asset Space Management
   c) Standardized Processes for FCA Data Collection and Management

2. Data Requirements
   a) Standards around Asset Name, Addresses, Descriptions
   b) Classification Standards for Asset Elements
   c) Classification Standards for Project Types
   d) Data Reference Points between Various Systems

3. Reporting Requirements
   a) Map-Based Visualization of Asset Information
   b) Facility Investment and Performance Reporting
1. Create an objective, standardized, credible, repeatable process to guide our decision-making relative to asset reinvestments.

2. Provide organizational focus and alignment - - on problems, not projects.

3. Subject to change.
Know where to Reinvest for the Greatest Good

Not Recommended

Bang for the Buck
1. Reviewed available data on 244 buildings and structures.
2. Conducted field evaluations on 85 building roofs; assigned “Risk Ratings” to 76.
3. Developed roof repair cost estimates on 41 buildings.
4. Matched to available revenue data to develop prioritized list.
Risk Rating Factors

1. Contractual
2. Compliance
3. Stewardship
4. Customer Satisfaction
5. Revenue Preservation
6. Reputation
7. Planning
8. Hidden Costs
9. Redundancy
10. Urgency
## Financial Rating

<table>
<thead>
<tr>
<th>Estimated Repair Cost Net Revenue</th>
<th>Score</th>
<th>Estimated Repair Cost Net Revenue</th>
<th>Score</th>
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<tbody>
<tr>
<td>1 or less</td>
<td>9</td>
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<td>8</td>
<td>6</td>
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<td>6</td>
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</table>
Array our assets as points in a graphic (as follows), prioritize based on *distance from the point of origin* and categorize recommended actions (as drafted below).

<table>
<thead>
<tr>
<th>Risk</th>
<th>Affordability</th>
<th>Recommended Action</th>
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<tbody>
<tr>
<td>High Risk</td>
<td>Not Affordable</td>
<td>Divest, Demolish, Surplus or De-commission</td>
</tr>
<tr>
<td>High Risk</td>
<td>Affordable</td>
<td>Reinvest or Divest</td>
</tr>
<tr>
<td>Low Risk</td>
<td>Not Affordable</td>
<td>Divest or Run to Failure</td>
</tr>
<tr>
<td>Low Risk</td>
<td>Affordable</td>
<td>Monitor, Reinvest or Divest</td>
</tr>
</tbody>
</table>

**Array of Actions**
Summed Risk vs. Cost/Revenue

- **High Risk/Not Affordable** (Recommend: Demolish, Surplus or De-commission)
- **High Risk/Affordable** (Recommend: Reinvest or Divest)
- **Low Risk/Not Affordable** (Recommend: Divest or Run to Failure)
- **Low Risk/Affordable** (Recommend: Monitor, Reinvest or Divest)
1) Create market demand; stay on message
2) Avoid becoming the “Asset Tzar”
3) Co-author a Project Plan
4) Create a repeatable decision-making process based on objective data and agreed criteria
5) Recognize the Asset Manager only manages one type of asset
1) Create market demand; stay on message
2) Avoid becoming the “Asset Tzar”
3) Co-author a Project Plan
4) Create a repeatable decision-making process based on objective data and agreed criteria
5) Recognize the Asset Manager only manages one type of asset - - DATA
6) Expect defensiveness

7) Secure early wins - - even at the expense of the long-term project schedule

8) Language barriers exist. Write the new lexicon for the organization

9) Secure a high-profile executive sponsor; Stay visible

10) Don’t go alone. Secure technical expertise
Initial Project Costs

- Project Management
- Pier and Wharf FCAs
- Database Development
- Cost Estimating
- Building Assessment/Data Pilot

Five (5) Year Program Budget: $3,475,000
Year 1 Expenditures: $970,000
Next Steps

1. Execute planned reinvestments
2. Adopt standards; update our data
3. Redefine processes
4. Identify the Systems of Record and dismantle the Escrow Database
5. Revisit and improve our analysis
6. Improve data access
7. Expand our condition assessments
Lou Paulsen
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