



STRATEGIC BUSINESS PLAN

DECEMBER 8, 2021



ACKNOWLEDGEMENTS

The Port Commission would like to thank the many stakeholders and community members who helped develop this Strategic Business Plan update, including:

- Members of the public that engaged in Port Commission meetings
- Individuals, organizational representatives, labor, tenants, customers, and elected officials that were interviewed during this process
- Port of Longview staff members

This plan updates the 2016 Strategic Business Plan and was developed alongside the Port's 2021 Comprehensive Scheme of Harbor Improvements and Master Plan. It incorporates relevant information from a variety of previous studies and analysis, including:

- 2021 Final Budget
- 2020 Transportation Optimization Plan Report
- 2019 The Local and Regional Economic Impacts of the Port of Longview
- 2016 Barlow Point Master Plan Phase I Feasibility Study
- 2016 Strategic Business Plan
- 2015 Comprehensive Scheme of Harbor Improvements
- 2011 Port Master Plan Report



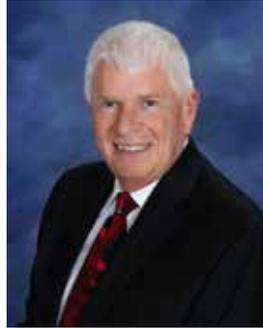
A MESSAGE FROM THE COMMISSION



Jeff Wilson
Commissioner District 1



Doug Averett
Commissioner District 2



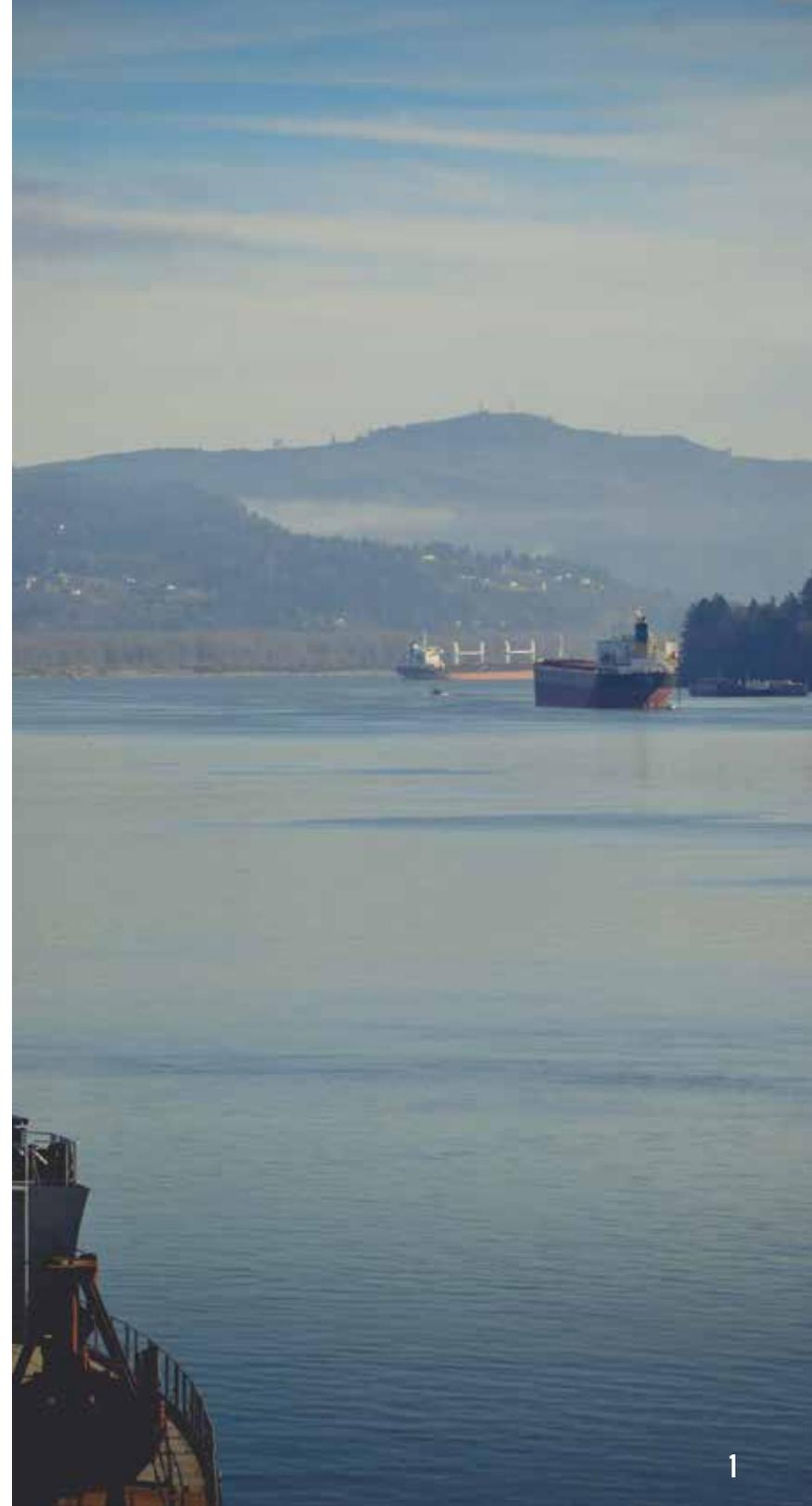
Allan Erickson
Commissioner District 3

The Port of Longview Strategic Business Plan communicates not only the strategic priorities, but how we, as the elected policy board, will approach the Port's key decisions during the next five to seven years. This update to the Port's previous Strategic Plan has a special focus on aligning our resources, financial systems, assets, and work plan to ensure a sustainable future.

We based this document on the core mission and values that the Port Commission, community, and staff have re-affirmed during the update process. Through a series of workshops, stakeholder and community leader interviews, and public outreach efforts, we have asked those that we serve to affirm the Port's role and value to the community, and to provide feedback on how the Port of Longview can best fulfill its role as an irreplaceable economic engine for the region.

This plan incorporates findings of previous studies and complements the Port's other keystone documents, including our operating and capital budgets and the Comprehensive Scheme of Harbor Improvements.

As trustees for this valuable community asset, we look forward to many more prosperous years as we continue to build a strong local economy and improve quality of life for Longview residents. Our job is to leave the Port of Longview in better shape than when we took office.



PORT VALUES

Our values define how we approach our work and what we value as trustees of a vital public resource.

How we do our work is often as important as what we do. The Port's corporate and community values guide how we make decisions, execute our projects, and treat our community, customers, staff, and the environment. These values are crucial to ensuring that port decisions and growth reflect the priorities of those we serve.

PARTNERSHIPS

The Port is committed to developing valuable partnerships between our customers, tenants, and community to achieve Port wide goals and objectives.

INTEGRITY

Port employees conduct themselves in all situations, both internally and externally, in an ethical, honest, and professional manner.

LEADERSHIP

The Port promotes good leadership through teamwork, mentoring, and recognition to reach a common goal.

FISCAL RESPONSIBILITY

The Port recognizes profitability as essential to ours and the community's economic success, and therefore pledges to provide prudent fiscal management while achieving and maintaining transparency by being a responsible steward of our publicly owned assets.

ENVIRONMENTAL STEWARDSHIP

The Port endeavors to support operational choices that uphold environmental accountability, while continuing to expand economic and employment opportunities.

FORWARD-THINKING

The Port actively embraces innovative ideas in all aspects of the Port's business to further its vision and mission, while acknowledging and building on the successes of its past.

RESPECT

The Port strives to create an open and hospitable environment to foster collaborative and productive personal relationships which result in successful projects.

PROFESSIONAL STAFF

The Port retains experienced professional staff and embraces a mutually supportive relationship between the Port Commission and Port staff to effectively carry out its programs and manage its facilities.

SAFETY

The Port collaborates with staff and its labor partners to maintain and improve a culture of safety and institute best practices around physical and cyber security.

MISSION STATEMENT

Our Mission defines the unique role of the Port of Longview in serving our community



Our Mission is to promote commerce and economic development through strategic public investments for the benefit of our communities.

HISTORY OF THE PORT

1800'S – 1910'S – In the 1800's, private interests controlled the Washington waterfront areas of what was then called the Oregon Territory. The 1889 constitution of the newly created Washington state changed that, declaring that the beds of the state's navigable waters belonged to the people and authorizing the Legislature to designate which of those beds would become harbors for public use. In 1911, the Legislature passed the Port District Act, allowing communities the option through voter approval to form publicly controlled port districts. Over the last 100 years Washington public ports have been afforded additional authorities by the Legislature to promote trade and economic development for their communities and the state as a whole.

1920'S – The Port of Longview was initially created in 1921 as the Port of Kelso within Cowlitz County. The first facilities were located on the Cowlitz River in an area that had a convenient boat landing.

In 1925, the Port of Kelso secured 40 acres from the Long-Bell Timber Company adjacent to the Columbia River, and began construction of a 950-foot dock and warehouse for a marine cargo facility that was dedicated in 1926. The facility investment was a success, handling 72,000 tons of freight in the first nine months of operation and quickly reaching 246,000 tons per year, only to be slowed by the Great Depression. In 1929, by the vote of the people of Cowlitz County, the Port of Kelso changed its name to the Port of Longview.

1940'S – 1950'S – Supporting the World War II effort revitalized the Port once again, as it exported materials bound for Russia and Great Britain, as did the Korean War, when the military used the Port extensively to ship supplies to the Pacific Front.

1970'S – 2020'S – By 1970, the Port was handling over six million tons of cargo annually and became Washington's third largest port terminal. As the lumber export market began to decline, the Port hit dire times in the early 2000s. The Port Commission began investing in Port infrastructure to draw in a diversification of commodities to hopefully thwart future market impacts and was again successful. In 2012, the Export Grain Terminal was commissioned. Cargo movements increased from a low of 1.5 million tons in 2006 to more than 10 million in 2018.

In June of 2019, the Port moved its office to the newly renovated "White House". The White House was constructed in 1937 as the original headquarters to the Long-Bell Lumber Company founded by R.A. Long who planned and developed the City of Longview. In 2021, Port Commissioners approved a landscape plan that will be developed in the upcoming years to fully showcase the White House and its rich history.

Today, while we continue to experience a robust marine trade economy, flexibility and diversity in investments are necessary to accommodate a changing marketplace. The Port is positioning itself to be flexible in considering future initiatives and investments so that it can best generate growth and a resilient future within the regional economy.

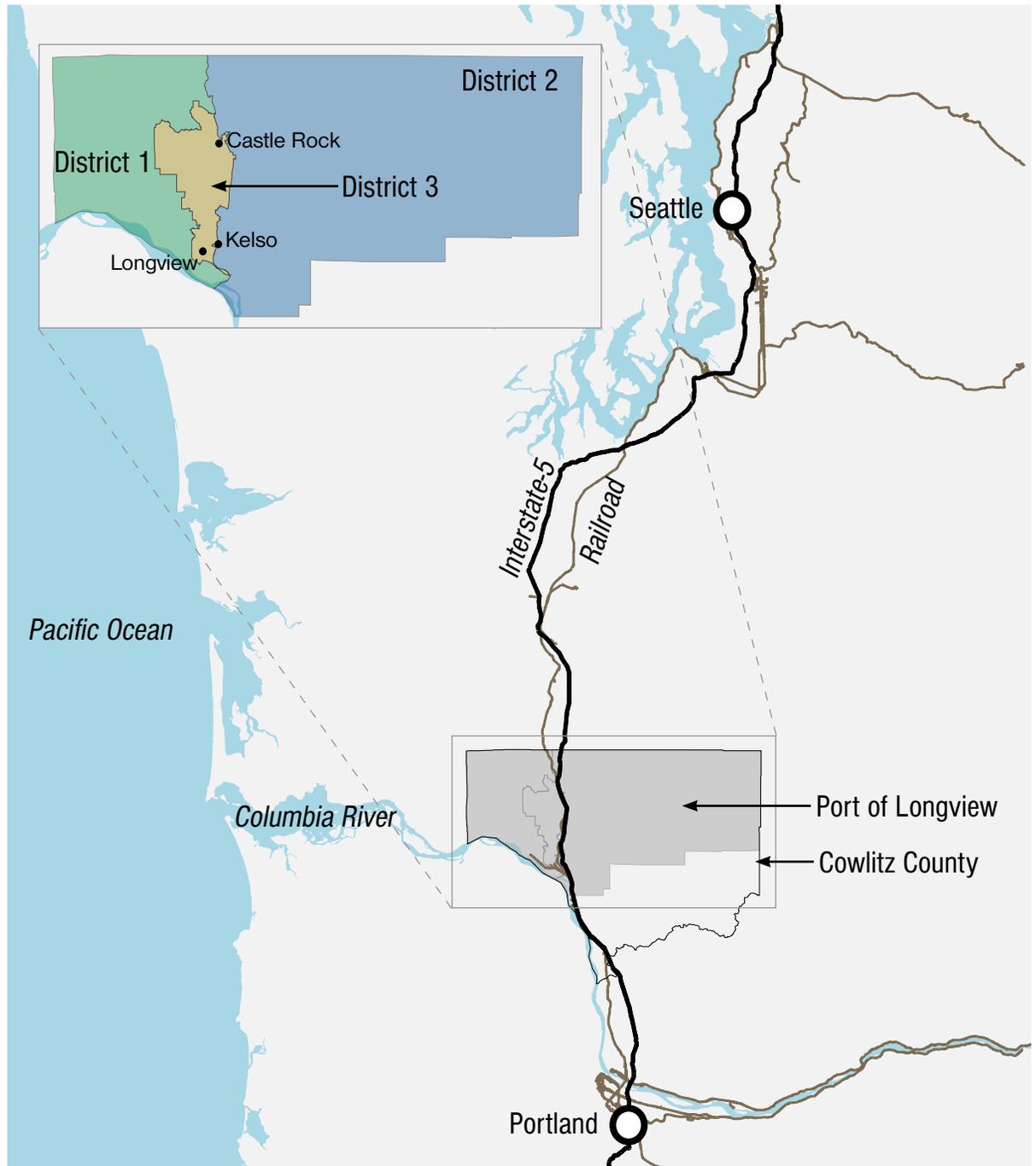


YOUR PORT

The Port of Longview is a municipal corporation created through a vote of Cowlitz County citizens. It is governed by a three-person elected Board of Commissioners and manages its policies through an appointed Chief Executive Officer and support staff. Under statute, port powers are singularly focused on economic and community development.

The Port of Longview is the closest full-service operating port to the mouth of the Columbia River. Located 66 river miles from the Pacific Ocean, 120 miles from Seattle, Washington, and 40 miles from Portland, Oregon. The Port is located just three miles from Interstate 5 and is served by BNSF Railway and Union Pacific Railroad.

The Port of Longview has the ability and authority to fund their operations and programs through a combination of earned revenues and property taxes. In that sense, the Port is a publicly owned business enterprise making market based investments in the support of the local economy and job creation.

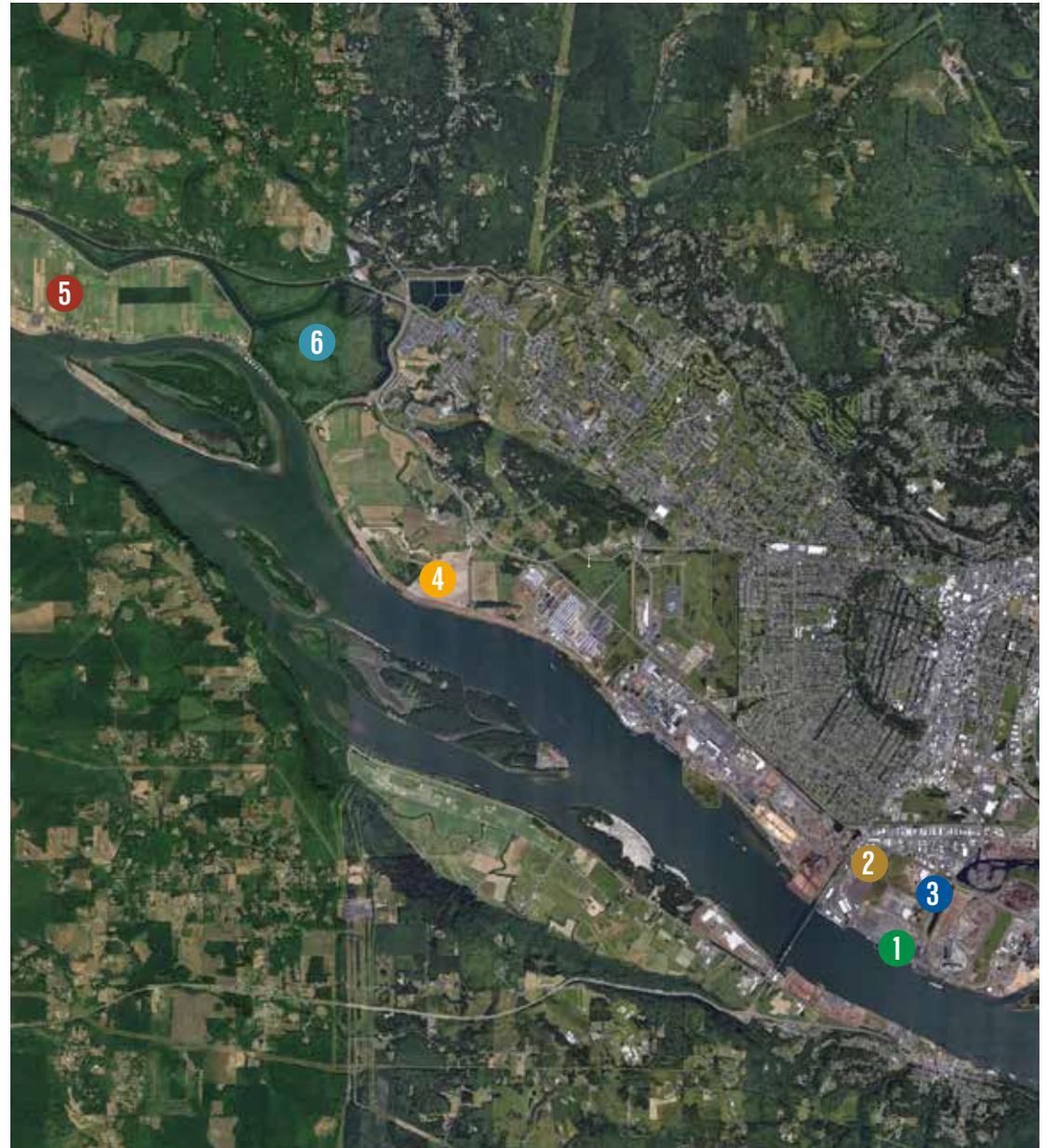


YOUR PORT

Port facilities include eight marine terminals, over 478 acres of adjacent upland property, the 301-acre Barlow Point site, and the 75-acre Willow Grove Park.

The Port's portfolio of properties includes:

- 1 Marine terminals:** The Port's eight marine terminals are equipped to handle diverse cargoes.
- 2 Storage and warehousing supporting marine activities:** Approximately 436,000 square feet of warehouse and storage space is adjacent to the terminals.
- 3 Upland industrial properties:** Approximately 147 acres of non-marine properties are leased or available for lease to private businesses.
- 4 Barlow Point:** The property includes approximately 301 acres with the potential for development of up to three marine terminals.
- 5 Willow Grove Park:** This 75-acre park includes a boat launch, beach access, picnic shelters, and playgrounds.
- 6 Willow Grove Advance Wetland Mitigation Plan Site:** This 92-acre area is retained for mitigation needs of future development.



YOUR PORT

The Port's marine terminal, storage and warehouse, and upland industrial properties are shown below. The terms "leased" and "non-leased" refer to lines of business designations (see page 11).

- Upland Industrial Properties
- Marine Terminals
- Marine-related Storage & Warehousing
- Existing Rail Track



COMMISSION PRIORITIES

The Port Commission reviewed its current position through an analysis of strengths, weaknesses, opportunities, and threats. Considering stakeholder and public input, the Commission identified potential opportunities to mitigate weaknesses, build on strengths, and harness opportunities.

This exercise highlighted the following priorities:

FOCUS ON RETAINING AND ADDING LOCAL JOBS AND INVEST IN INFRASTRUCTURE AND EQUIPMENT TO SUPPORT ECONOMIC GROWTH

- Explore creative funding approaches and partnerships to implement Industrial Rail Corridor Expansion (IRCE)
- Evaluate elimination and/or improvements to at-grade rail crossings
- Redevelop Berth 4
- Develop Barlow Point
- Pursue opportunities to be more self-sustaining
- Purchase and develop upland properties

INVEST TO INCREASE PORT AND COMMUNITY RESILIENCY

- Investigate opportunities and incorporate environmentally sustainable development, infrastructure, and energies where feasible
- Invest in marketing and collaborate with Labor to attract new business and tenants
- Work to enhance relationships at the state and national level
- Expand active public outreach programs to increase communication regarding benefits of the Port and improve communication with key partners during project development



GOALS AND STRATEGIES

The 2021 plan addresses the Port's commitment to efficiently and effectively manage its resources and promote economic development.

Managing lines of business and programs with specific performance targets, as well as improving the ability to effectively finance priorities will enable the Port to expand its positive impact on the local economy and add sustainable jobs to the community.

The Strategic Business Plan articulates goals and strategies for the Port's three primary programs: Lines of Business, Community Investment, and Internal Resources. The Port staff will develop tactics to accomplish these goals and strategies, which they will review and update every year.

GOAL

- A goal is a condition or destination the Port desires to reach through its Mission.
- Goals are determined by the Commission and reviewed every three to five years, unless conditions dictate otherwise.

STRATEGY

- A strategy is the direction and scope of an action that the Port will employ to reach a goal and meet the needs of its constituents.
- Strategies reflect a collaboration by commissioners and staff, and are reviewed every one to three years, unless conditions dictate otherwise.





LINES OF BUSINESS



NON-LEASED MARINE TERMINALS
LEASED MARINE TERMINALS
NON-MARINE INDUSTRIAL DEVELOPMENT / LEASED PROPERTIES PORTFOLIO
DISTRICT-WIDE COMMERCIAL AND INDUSTRIAL DEVELOPMENT

LINES OF BUSINESS

The Port has four lines of business that group assets with similar operational, financial, and management characteristics into a common portfolio.

NON-LEASED MARINE TERMINALS

Non-leased marine terminals are directly operated by the Port as stevedores or by a stevedore lead operation and are the backbone of Washington’s Working Port. They are designed to handle commodities on a spot-market basis. Assets in the portfolio include terminals 6, 7, and 8.

LEASED MARINE TERMINALS

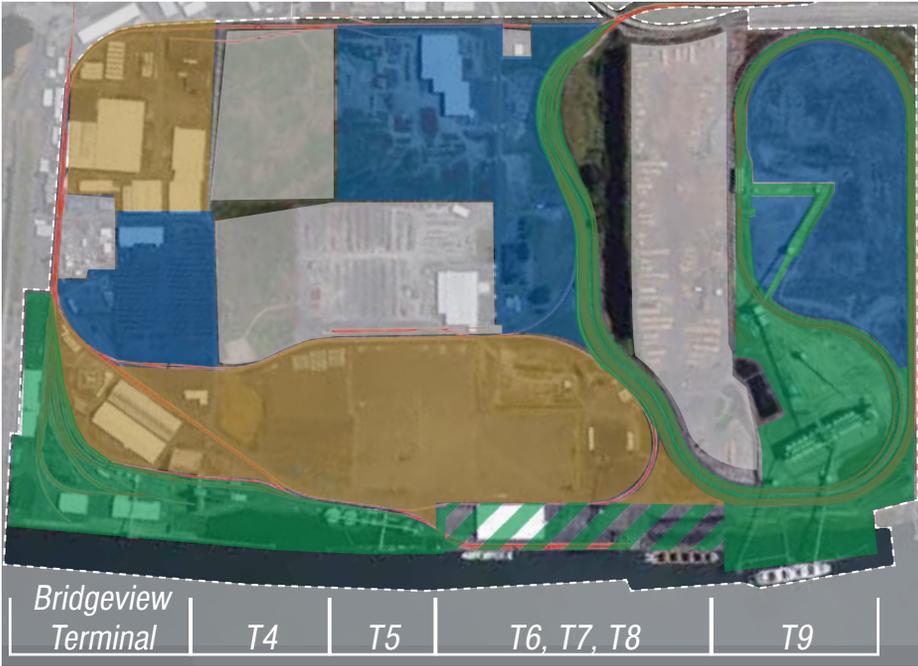
The marine facility assets in this portfolio are operated by a private entity through lease and operating agreements. Assets in the portfolio include Bridgeview Terminal, terminals 4, 5, and 9, and Barlow Point.

NON-MARINE INDUSTRIAL DEVELOPMENT / LEASED PROPERTIES PORTFOLIO

These upland facilities, lands, and buildings are in the Port’s core operating area and in close geographic proximity to the marine terminals. They can support the terminals or function independently. Approximately 147 acres of non-marine properties are leased or available for lease to private businesses.

DISTRICT-WIDE COMMERCIAL AND INDUSTRIAL DEVELOPMENT

As the Port solidifies its financial capacity to expand its holdings, consistent with its mission and values, it will consider real property industrial and commercial investments distinct from its traditional lines of business. Investments in this future portfolio will financially support the Port’s core business activities and community programs.



- Non-Leased Marine Terminal Berths
- Leased Marine Terminal Berths (Barlow Point not shown)
- Non-marine Industrial Development/Leased Properties

LINE OF BUSINESS

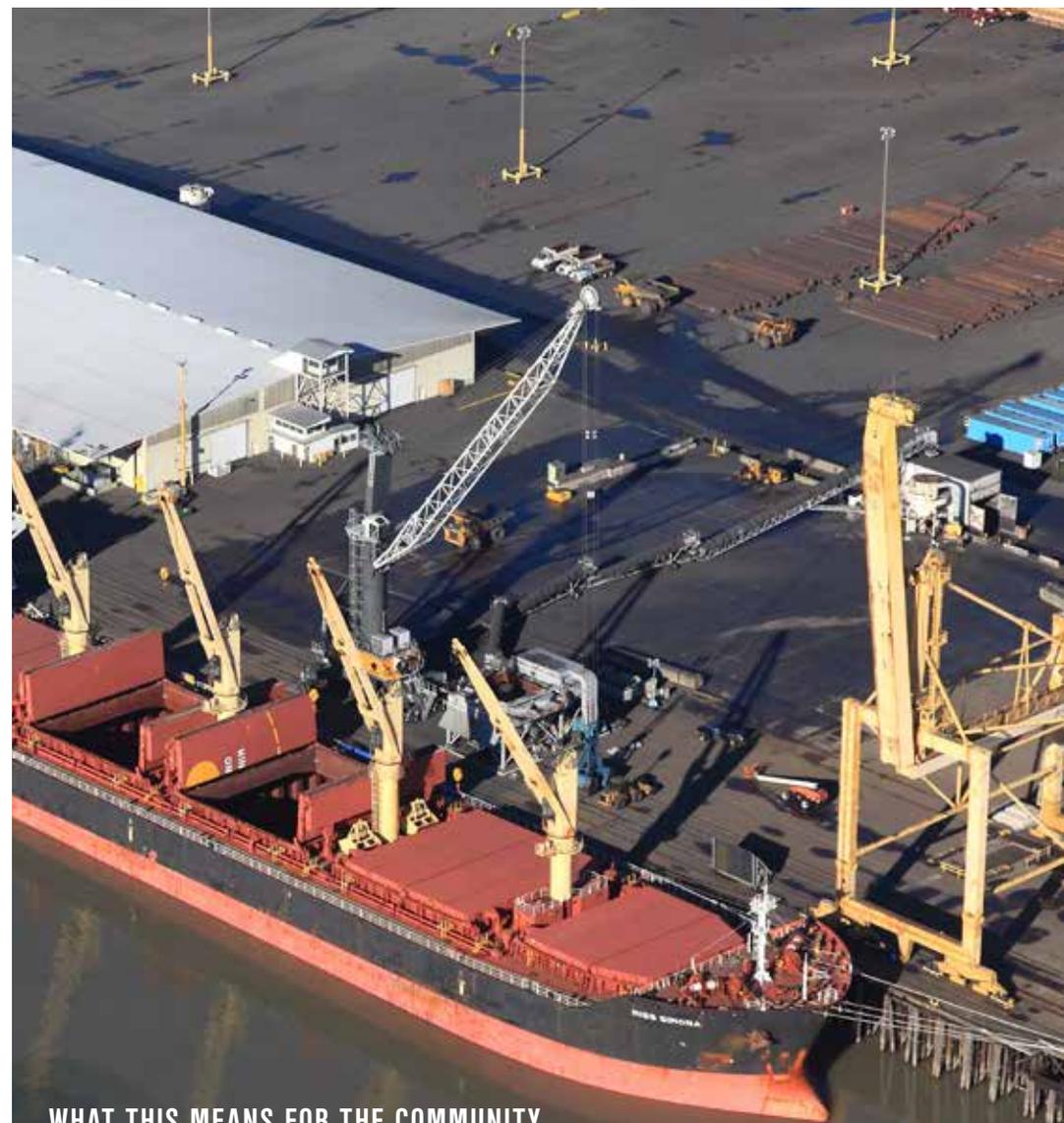
NON-LEASED MARINE TERMINALS

GOAL

Increase revenues, job opportunities, and facility utilization at the non-leased marine terminals.

STRATEGIES

- Identify and improve operating cost efficiencies.
- Analyze and determine which commodities have the highest demand and result in the highest margin of return and market to attract this business.
- Identify commodities best served by Port-Operated or Stevedoring model and further develop a flexible operating model and infrastructure to efficiently accommodate different cargo types and volumes, respond to opportunities, and serve customers.
- Develop Port infrastructure to support current and future operations at non-leased terminals with increased rail capacity
- Partner with longshore labor and Stevedores to market these assets.



WHAT THIS MEANS FOR THE COMMUNITY...

- Managed non-leased marine terminals with a goal of financial self-sufficiency, reducing the need for property taxes. This acknowledges that non-leased terminals provide other values, such as good jobs, in addition to revenue.
- Increased use of the terminals and the creation of more jobs.
- A focus on shipping commodities with the highest rate of return, while maintaining flexibility to move a wide range of goods.

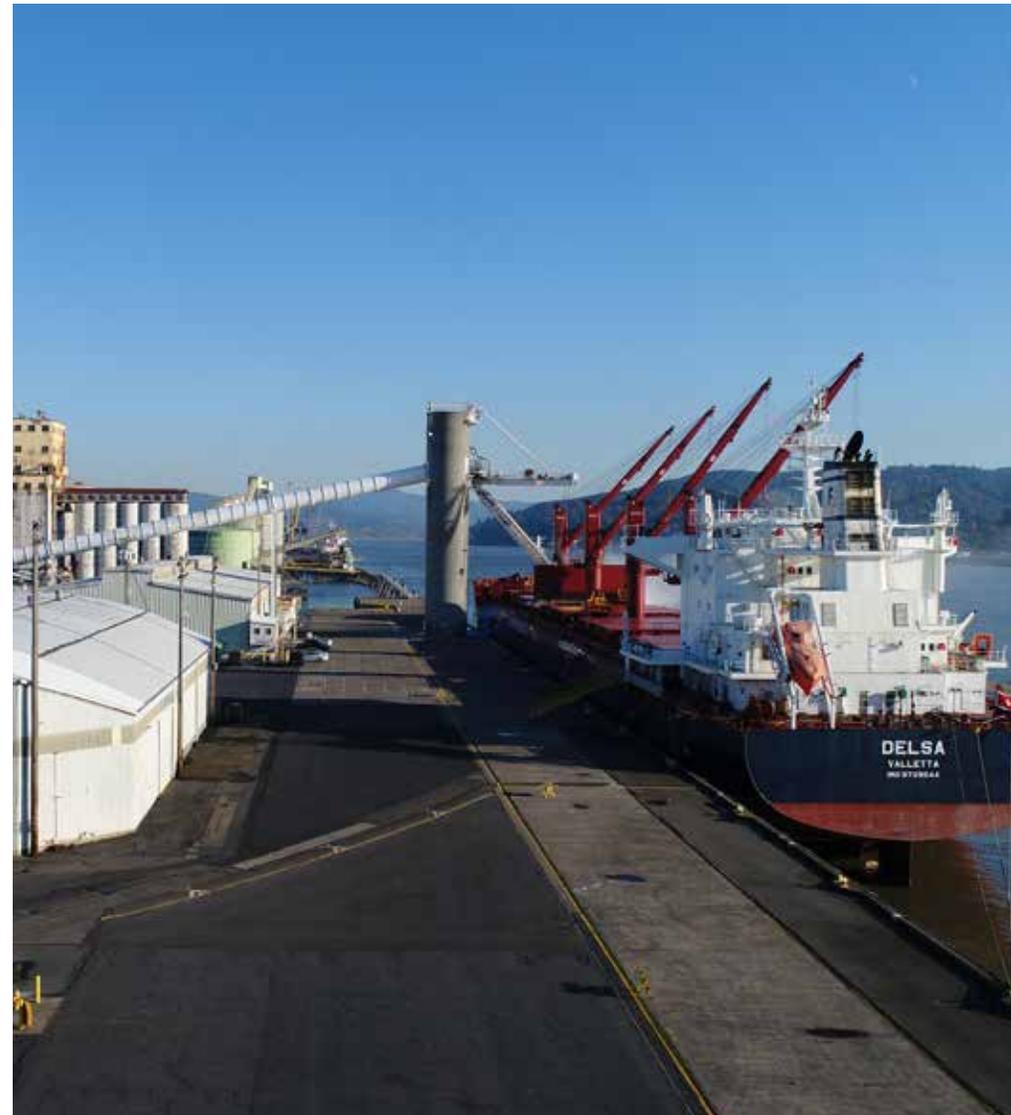
LINES OF BUSINESS: LEASED MARINE TERMINALS

GOAL

Achieve a positive financial return for each asset within the Leased Marine Terminal Portfolio.

STRATEGIES

- Test market interest and feasibility of entering into a lease agreement for Berth 4.
- Continue efforts to prepare Barlow Point to support development that achieves maximum beneficial lease returns.
- Develop Port infrastructure to support current and future operations with increased rail capacity, while continuing service at non-leased terminals.
- Partner with tenants, longshore labor, and Stevedores to market these assets.



WHAT THIS MEANS FOR THE COMMUNITY...

- Leased terminals will generate positive net revenue, shifting the operating risk to the private sector.
- Revenue generated from the leased terminals will be available to support other Port programs and services.
- Investment in rail infrastructure provides opportunity for marine terminal expansions.

LINE OF BUSINESS: NON-MARINE INDUSTRIAL DEVELOPMENT / LEASED PROPERTIES PORTFOLIO

GOAL

Increase productive use of and financial return from Non-Marine Industrial Development / Leased Properties.

STRATEGIES

- Evaluate physical conditions of buildings to assess needed improvements and overall viability.
- Determine if the assets in the non-marine industrial development portfolio would more effectively contribute to the Marine Terminal Portfolio.
- Develop and implement a business plan to market underutilized real estate assets.
- Monitor local market conditions to set appropriate rates.
- Evaluate warehouse complex uses.
- Explore sustainable energy generation options to increase Port and community resiliency.



WHAT THIS MEANS FOR THE COMMUNITY...

- Supported local jobs and increased area economic health through Port properties.
- Increased availability of Port resources from this portfolio from investment in other Port programs, facilities, and services.
- A renewed focus by the Port on upland industrial property development.

LINES OF BUSINESS: DISTRICT-WIDE COMMERCIAL AND INDUSTRIAL DEVELOPMENT

GOAL

Consider commercial and industrial investment opportunities outside of the Port's core property holdings that provide a positive financial return and/or complement the Port's mission and community, economic, or environmental objectives.

STRATEGIES

- Identify investment opportunities most aligned with the Port's mission and goals and develop policies and a process to evaluate opportunities that emerge.
- Develop a feasible financial model to identify funds to support targeted investment opportunities over time.
- Create and strengthen partnerships to help achieve goals and reduce the impact on port financial and staff resources.
- Explore sustainable energy generation options to increase Port and Community resiliency.



WHAT THIS MEANS FOR THE COMMUNITY...

- Port support for economic development efforts by considering investing in job-producing assets throughout the community.
- Consideration of these investments to the extent that they meet certain requirements and do not unreasonably compete with the private sector.
- Investing in these facilities will not impair the Port's ability to operate and manage its core cargo operations.



COMMUNITY INVESTMENT



**REGIONAL ECONOMIC & COMMUNITY DEVELOPMENT
PUBLIC ACCESS & RECREATION OPPORTUNITIES
EDUCATION & OUTREACH
ENVIRONMENTAL STEWARDSHIP**

COMMUNITY INVESTMENT

The Port has four community investment focus areas.

REGIONAL ECONOMIC & COMMUNITY DEVELOPMENT

Regional economic and community development activities include developing and expanding partnerships, participating and supporting regional initiatives aligned with the Port mission, and local economic development initiatives.

PUBLIC ACCESS & RECREATION OPPORTUNITIES

Public access and recreation activities include maintaining and where feasible increasing assets that connect community to the water and coordinating to align Port initiatives with local land use plans, regulations, and programs.

EDUCATION & OUTREACH

Education and outreach activities raise awareness around Port benefits and activities, build partnerships to help achieve strategic goals, and engage stakeholders in Port initiatives.

ENVIRONMENTAL STEWARDSHIP

Environmental stewardship activities raise awareness, create partnerships and programs, and include project components that increase environmental sustainability and improve resiliency.



COMMUNITY INVESTMENT: REGIONAL ECONOMIC AND COMMUNITY DEVELOPMENT

GOAL

Actively participate in economic development initiatives that benefit the community.

STRATEGIES

- Expand partnerships with government and economic development agencies to foster a healthy and diverse local economy.
- Participate in developing local, regional, state, and national support for necessary regional transportation and marine navigation infrastructure and initiatives that support the Port's mission.
- Pursue grant funding and develop a feasible financial model to support economic development initiatives over time.
- Explore partnership opportunities to expand community access to broadband.

WHAT THIS MEANS FOR THE COMMUNITY...

- Active participation by the Port with its partner organizations to promote the local and regional economy.
- Proactive support by the Port in area transportation improvements.
- Healthier and more diverse local economy.



COMMUNITY INVESTMENT: PUBLIC ACCESS AND RECREATION OPPORTUNITIES

GOAL

Provide public access and recreation opportunities for the benefit of the Port community.

STRATEGIES

- Establish a sustainable funding strategy to continue implementing the Port's Comprehensive Park Plan and ensure a safe public space at Willow Grove Park.
- Develop policies, evaluation processes, and financial models to assist in funding of local agency public access and recreation opportunities.
- Ensure Port plans and facilities are included as part of local land use plans, regulations, and other local programs.

WHAT THIS MEANS FOR THE COMMUNITY...

- Willow Grove Park remains available for community access and enjoyment.
- Port support for other area public access and recreation opportunities.
- Local land use plans and regulations support Port initiatives.



COMMUNITY INVESTMENT: EDUCATION AND OUTREACH

GOAL

Raise awareness of the Port's purpose, activities, and benefits to the economy.

STRATEGIES

- Communicate to the community the Port's purpose, activities, and benefits to the local and state economy.
- Further refine and implement strategies to reach and engage the port district's diverse population focusing on under-represented and Port-impacted communities.
- Develop and implement a business marketing strategy to promote the Port for domestic and international trade.
- Expand awareness of, and build support for, state and federal initiatives that benefit the community and the Port.
- Communicate the Port's initiatives that provide environmental benefits to the community.

WHAT THIS MEANS FOR THE COMMUNITY...

- Active engagement and communication with local and state partners regarding the Port's economic benefits.
- Enhanced awareness of new and on-going environmental programs and stewardship efforts.
- Targeted marketing efforts to inform domestic and international trade about the benefits of utilizing the Port.



COMMUNITY INVESTMENT: ENVIRONMENTAL STEWARDSHIP

GOAL

Provide a strategic approach to environmental compliance and stewardship, infrastructure investment, and public awareness.

STRATEGIES

- Develop and implement policies and programs to build upon and improve environmental quality, operate sustainably, and increase resiliency.
- Foster and further develop relationships with partner organizations that support environmental stewardship.
- Develop a program that raises awareness of Port environmental investments such as the Willow Grove Advance Wetland Mitigation Plan.

WHAT THIS MEANS FOR THE COMMUNITY...

- Port and community resiliency through planned environmental practices.
- Measurable environmental program outcomes.
- Port collaboration and support for regional environmental benefits.





INTERNAL RESOURCES



FINANCIAL
SAFETY

INTERNAL RESOURCES

The Port has two internal resources focus areas.

FINANCIAL

The financial focus area includes development strategies to fund priorities and continued development of fiscal tools to manage resources, inform investment decisions, and provide transparency to the community.

SAFETY

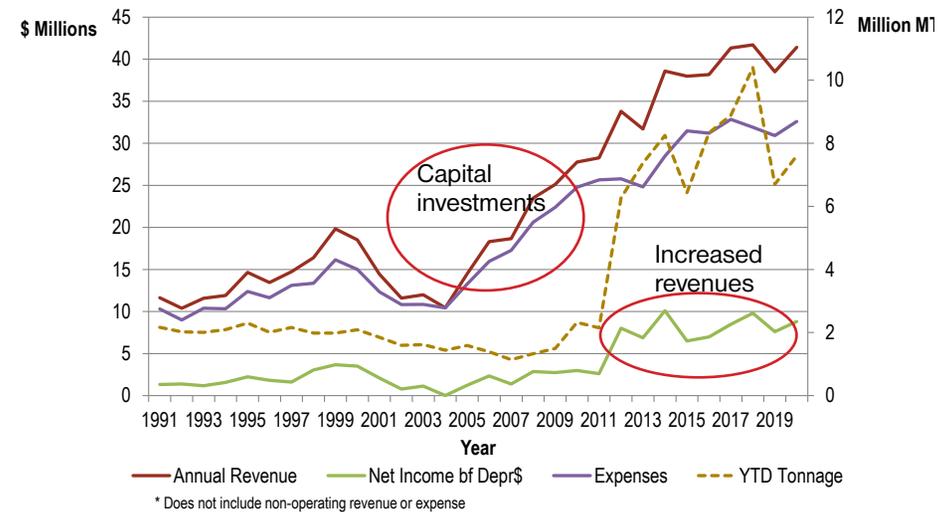
The safety area supports the continued development and prioritization of safety and emergency preparedness.

FINANCIAL CONTEXT

It is helpful to understand the context within which the Port of Longview developed its financial goal and strategies. The Port manages a complex operational and business model that relies on a combination of earned revenues and public taxes. It must balance the need for a return on investment with meeting community expectations for job growth, economic stability, and quality of life.

Investment in Port infrastructure has played a critical role in the Port's success attracting new business and increasing jobs and revenues. In the early 2000's the Port's business was heavily impacted by the decline of logs. In response, the Port started the original rail corridor and Fiber Way overpass projects (completed in 2005) and developed the Export Grain Terminal (EGT) in 2012. Development of the EGT increased net income from operations to an average of \$8 million per year. The Port has been steadily paying back the debt incurred to invest in the EGT and will have substantially retired the debt by 2030.

Today, the Port is at a critical point where the capital investments needed to achieve strategic goals outpace projected revenues. The Port must either take-on additional debt, obtain additional outside funding sources, reduce investments, adjust taxation rates, or some combination of the above.



INTERNAL RESOURCES: FINANCIAL

GOAL

Identify funding to support strategic business plan goals and strategies.

STRATEGIES

- Continue to forecast cash-flow and review/adjust financial policies and guidelines as needed.
- Continue to develop financial and asset tracking systems to inform business decision-making.
- Build a feasible financial plan that supports highest priority initiatives. Consider all reasonable funding methods including bond financing, grants, partnerships, and property taxes.
- Identify dedicated funding sources for strategic priorities; establish a policy and process to vet potential investments and projects.
- Identify priorities for use of tax funds to support Line of Business, Community Investment, and Internal Resource goals.
- Invest in attracting, retaining, and training top level talent to accomplish strategic goals.
- Continue developing and implementing best practices regarding workplace equity.

SAFETY

GOAL

Increase emergency preparedness and continue to expand the Port's safety program.

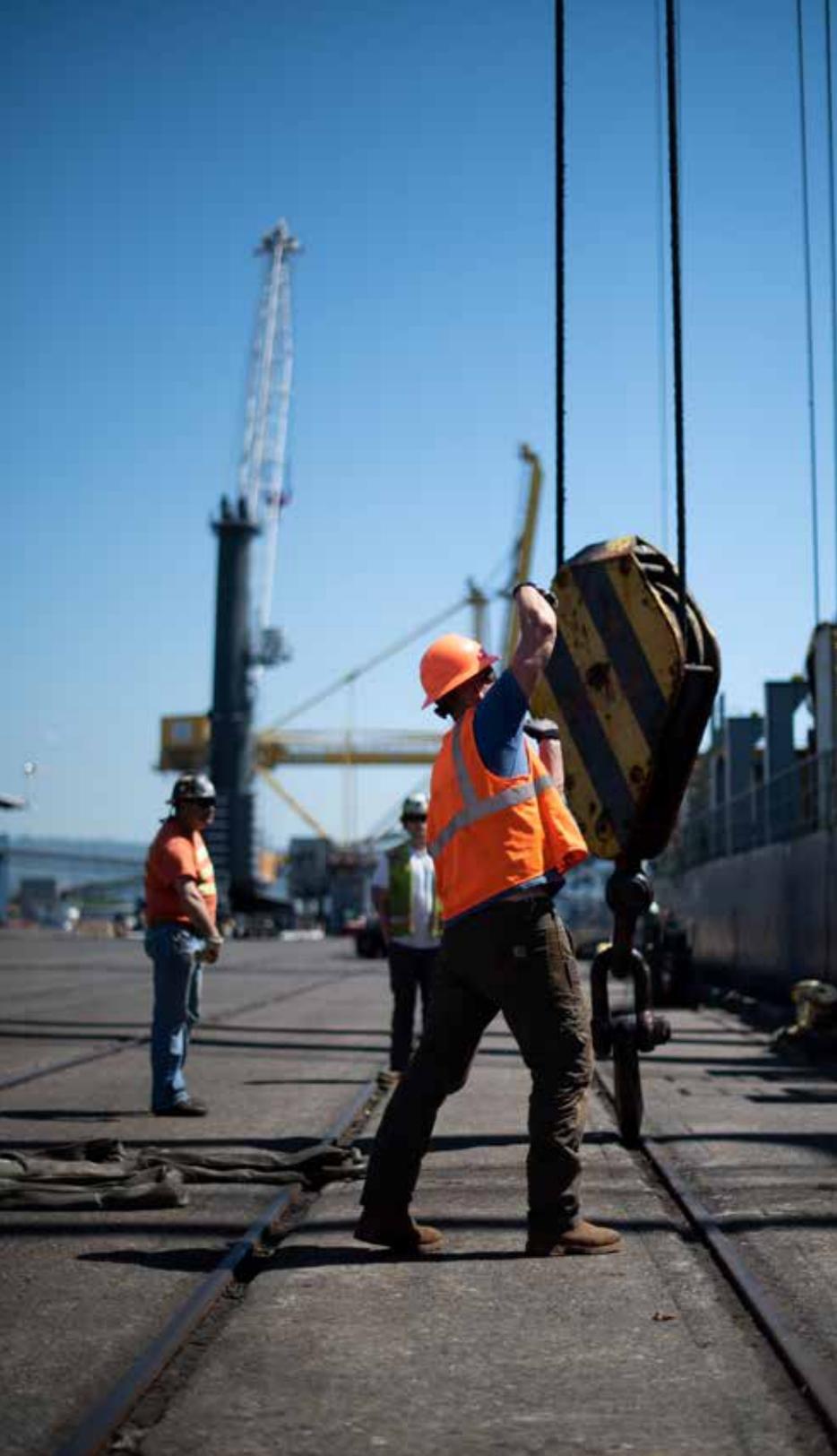
STRATEGIES

- Emphasize a culture of safety and further develop safety training and protocols.
- Maintain and support implementation of the Emergency Response Plan (ERP) and Business Continuity and Resumption of Trade Plan (BCRTP).
- Collaborate with stakeholders to advance safety and emergency response.



WHAT THIS MEANS FOR THE COMMUNITY...

- The Port will provide clear and understandable financial information to the public.
- A feasible financial plan to fund the Port's highest priority initiatives and investments.
- The Port continues to maintain a safe and healthy workplace prepared to respond to emergencies.



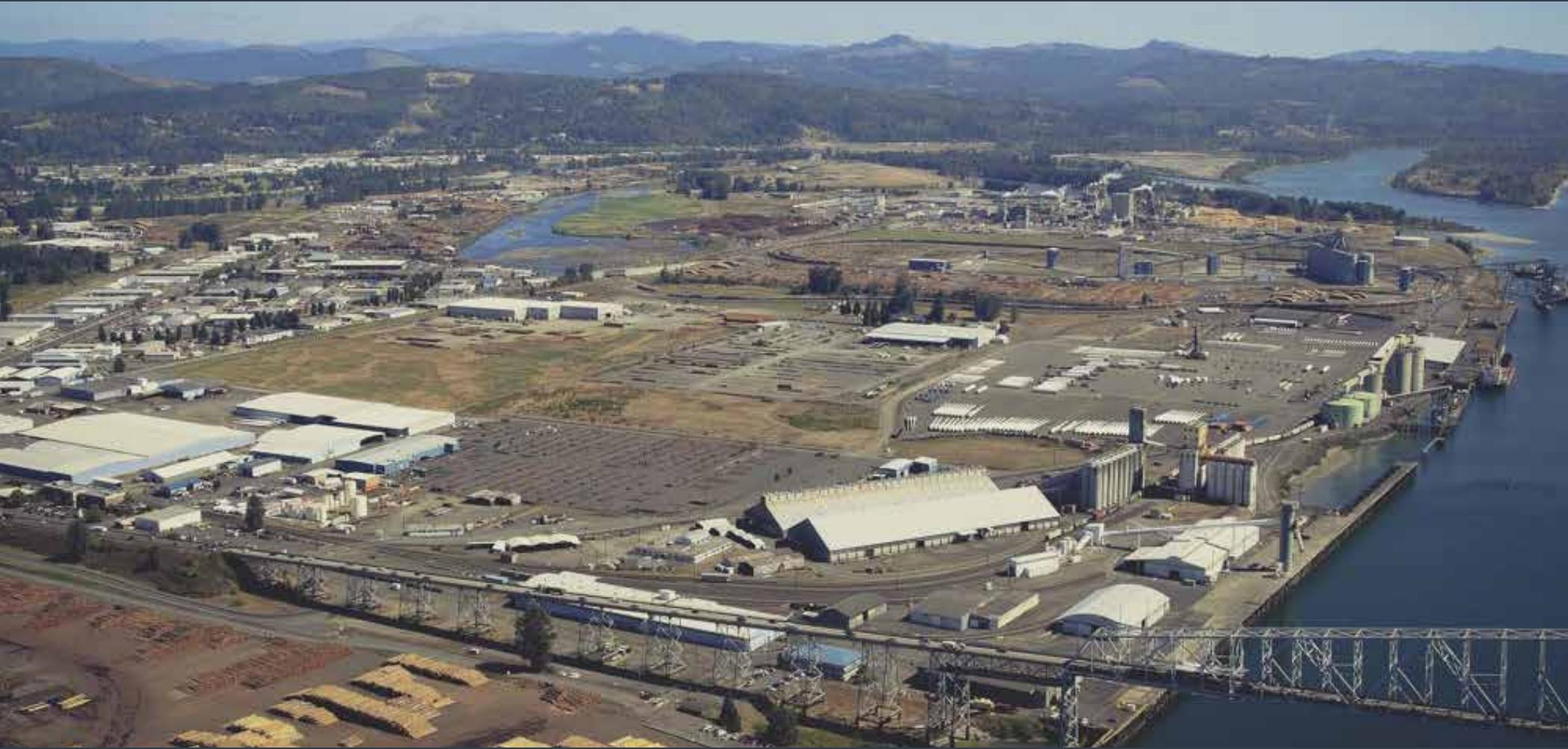
WHAT 2027 LOOKS LIKE

By 2027, the Port will have made significant progress towards accomplishing the goals included in this plan.

1. The Port is managing its leased terminals with a model that strategically focuses on profitable commodities and generates net revenue to support other Port initiatives.
2. Port non-leased marine terminals function efficiently with collaborative relationships with both stevedoring companies and ILWU labor.
3. The Industrial Rail Corridor Expansion has been funded and construction completed.
4. The Port has selected a location, design, funding strategy, and construction schedule to eliminate an at-grade rail crossing for an overpass.
5. The Port is in negotiations with a long-term tenant at Terminal 4.
6. The Port's financial position is strong, with improved cost efficiencies and tighter lease and contract terms.
7. Environmental program is meeting benchmarks and benefits are being communicated to stakeholders.
8. Safety is a top priority that promotes a healthy and safe environment for the Port's work force.
9. The Port's non-marine industrial assets, both on its existing core properties and new acquisitions, are leased, and generating a positive return.
10. The Port is evaluating its financial performance on an asset basis and is predicting with a high level of accuracy its need for property taxes.
11. The Willow Grove Park continues to be improved; patron use is continuous and is appreciated by the community as a significant community asset that positively impacts the area's quality of life.



WASHINGTON'S WORKING PORT



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