



Legislation Details (With Text)

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Title: PRESENTATION ON THE TRIPLE BOTTOM LINE AS A POTENTIAL MEASUREMENT AND MANAGEMENT SYSTEM FOR PUBLIC BENEFIT PERFORMANCE AND DIRECTION TO STAFF
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Date	Ver.	Action By	Action	Result
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DATE: June 20, 2017

SUBJECT:

PRESENTATION ON THE TRIPLE BOTTOM LINE AS A POTENTIAL MEASUREMENT AND MANAGEMENT SYSTEM FOR PUBLIC BENEFIT PERFORMANCE AND DIRECTION TO STAFF

EXECUTIVE SUMMARY:

At the January 31, 2017 Board retreat, District staff presented an 18-month strategy map which aligned high-priority projects under four key strategies to improve the District's performance as a public agency: improve our culture, increase the effectiveness of our operations, grow our business lines, and establish and communicate our brand. The initial 18-month horizon for the strategy map allowed the District to align the strategic planning process to the budget process while bridging two calendar years. At the retreat, members of the Board emphasized the importance of taking a more scientific approach to measuring and managing the ways in which the District delivers public benefit throughout tidelands. Additionally, Board members stressed the importance of defining key performance indicators to better understand how the District's projects and priorities are performing throughout our portfolio of responsibilities.

To improve the measurement and management of public benefit performance at the District, staff identified a project on the strategy map to research and introduce the Triple Bottom Line (TBL) to the Board. TBL is a reporting framework that recognizes that organizational sustainability and accountability encompass more than just the financial bottom line. Specifically, there are two other bottom lines which reflect an organization's performance with respect to the environment and people. This three-pronged approach - which at the District might be called People, Planet, and Prosperity - is an internationally-recognized approach to performance measurement and management. Gathering the appropriate data, setting benchmarks, establishing key performance indicators, drawing insights from our review of the data, and taking specific actions based on those insights across the People,

Planet, and Prosperity bottom lines could go a long way toward achieving a balanced, sustainable portfolio and fostering transparency with respect to the District's public benefit performance.

At the June 20, 2017 Board meeting, staff will give a brief presentation on its initial research on TBL and its potential application to the District, with a recommendation to perform the following tasks as part of next steps toward implementing a TBL approach:

1. Develop Key Performance Indicators for People, Planet, and Prosperity in consultation with external stakeholders.
2. Identify the resources, processes, and procedures necessary to capture, analyze, and report out on the key performance indicators.
3. Return to the Board for future direction.

RECOMMENDATION:

Receive a presentation on the Triple Bottom Line as a potential measurement and management system for public benefit performance and provide direction to staff.

FISCAL IMPACT:

The agenda item does not have a fiscal impact; however, fiscal impacts associated with implementing the Triple Bottom Line at the District will be evaluated during future phases of staff's evaluation.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A vibrant waterfront destination where residents and visitors converge.
- A Port with a healthy and sustainable bay and its environment.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port that is a safe place to visit, work and play.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Background

At the January 31, 2017 Board retreat, District staff presented an 18-month strategy map which aligned high-priority projects under four key strategies to improve the District's performance as a public agency: improve our culture, increase the effectiveness of our operations, grow our business lines, and establish and communicate our brand. Staff identified for the Board 34 projects above and beyond our base workload which would receive the focus and resources of the District through June

30, 2018.

Each project included specific milestones to demonstrate our anticipated progress throughout the 18-month duration of the strategic plan. Staff further established high-level goals for each of the four strategies - culture, operations, business, and brand - as well as several key performance indicators against which the staff and the Board could measure progress and which staff could use to prioritize their daily work. The initial effort of assembling the strategy map, setting goals, prioritizing projects, establishing milestones, and identifying key performance indicators reflected the staff's incremental progress toward a more scientific measurement and management system to be implemented at the District.

Comments made by the Board during the retreat further supported the importance of quantifying public benefit performance. The Board also expressed interest in developing key performance indicators that reflected how the people of the District's various communities experience the tidelands and the services provided by the District. Additionally, members of the Board emphasized the importance of taking a more scientific approach to measuring and managing the ways in which the District delivers public benefit throughout tidelands to improve transparency with the public and to optimize the District's limited resources.

To improve the measurement and management of public benefit performance at the District, staff identified a project on the strategy map to research and introduce the Triple Bottom Line (TBL) to the Board. Project #205, *Introduce TBL to the Board*, falls under our organizational strategy of 21st Century Operations and satisfies the two goals of that strategy:

- Optimize staff resources and efficiency
- Improve internal and external customer service

Introducing the Triple Bottom Line

TBL is an accounting framework that incorporates three dimensions of performance. For the District, this framework can be established to measure public benefit performance for the following:

- **People** - are we ensuring that our visitors enjoy the tidelands?
- **Planet** - are we improving the health of the environment?
- **Prosperity** - are we generating enough revenue to fulfill our mission?

TBL differs from traditional accounting and reporting frameworks in that it includes ecological (or environmental) and social measures. The TBL framework has been adapted for use by public agencies, non-profits, and the private sector including the Port of Antwerp, the Port Authority of New York and New Jersey, the Port of Los Angeles, the Port of Long Beach, General Electric, 3M, DHL, Goodwill, and Habitat for Humanity, among many others.

TBL is intended to be a highly flexible system adaptable to the unique characteristics of the organization. As set forth in the Port Act, the District is responsible for developing San Diego Bay for multiple purpose use for the benefit of the people. TBL is, in many ways, embedded into the responsibilities of the District to operate, develop, and regulate the harbor of San Diego Bay and to promote commerce, recreation, navigation and fisheries. Fulfilling a multifaceted mission such as the District's requires balance and sustainability, something the TBL model could be calibrated to

measure.

The District already measures and manages a number of key performance indicators each year through the adoption of an annual budget and through reporting on our performance toward achieving the goals outlined in our Climate Action Plan. We do not, however, bring these separate reporting efforts together into one measurement and management tool, nor do we systematically measure and manage the impact our activities have on the people who visit the tidelands, experience our services, or communicate with us. TBL is one potential way to bring a unified, holistic, sustainable approach to these disparate reporting efforts.

One potential approach to implementing TBL at the District could measure the People, Planet, and Prosperity contributions of individual projects and services toward the entire portfolio of the District's many responsibilities. Under this model, any one project might contribute significant revenue in a new line of business, or reduce the amount of time necessary to process a park permit, or reduce greenhouse gas emissions on the Embarcadero, but when the entire portfolio is considered, the District's People, Planet, and Prosperity bottom lines can be actively managed over time to achieve balance. It is therefore critical that the District understand and obtain agreement upon the key performance indicators that will be measured and managed for each of the three bottom lines, and that those indicators sufficiently reflect the feedback of stakeholders and the priorities of the Board. Only then can the TBL system move to the data collection and analysis phases before scheduled reporting and future actions are proposed based on that foundational work.

Recommended Next Steps

Based on staff's initial research into the TBL framework, staff believes it may be the type of balanced, scientific, and data-driven approach to quantifying and reporting out on the public benefit performance of the District that began with the 18-month strategy map and was discussed at the January 2017 Board retreat.

If the Board directs staff to continue exploring TBL as a potential measurement and management tool for public benefit performance at the District, staff recommends the following steps:

1. Develop Key Performance Indicators for People, Planet, and Prosperity in consultation with external stakeholders.
2. Identify the resources, processes, and procedures necessary to capture, analyze, and report out on the key performance indicators.
3. Return to the Board for future direction.

General Counsel's Comments:

The General Counsel's Office has reviewed the agenda sheet as presented to it and approves it as to form and legality.

Environmental Review:

This presentation to the Board on the Triple Bottom Line and direction to staff do not constitute a "project" or an "approval" of a "project" under the definitions set forth in California Environmental

Quality Act (CEQA) Guidelines Sections 15352 and 15378 because no direct or indirect changes to the physical environment would occur, including, without limitation, physical changes within the District's jurisdiction. CEQA requires that the District adequately assess the environmental impacts of its projects. This presentation to staff will not bind the District to a definite course of action prior to CEQA review. Full CEQA analysis will be completed prior to the approval of any projects that may be contemplated as part of the Triple Bottom Line management system and direction to staff. Moreover, the Board/District in its sole and absolute discretion, reserves its discretion to adopt any and all feasible mitigation measures, alternatives to the project, including a no project alternative, a statement of overriding consideration, if applicable, as well as approve or disapprove the project and any necessary permits or entitlements. Based on the totality of the circumstances and the entire record, the Board's direction does not commit the District to a definite course of action prior to CEQA review being conducted. No further action under CEQA is required at this time.

In addition, the presentation and direction to staff allows for the District to administrate its obligations under the Port Act and/or other laws. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed presentation is consistent with the Public Trust Doctrine.

Finally, this presentation to the Board does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations because it will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a CDP or exclusion is not required. However, the District's projects require processing under the District's CDP Regulations. The Board will consider approval of future development projects formulated as a result of Triple Bottom Line after the appropriate documentation under District's CDP Regulations has been completed and authorized by the Board, if necessary. The Board's direction in no way limits the exercise of the District's discretion under the District's CDP Regulations.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

Shaun D. Sumner
Assistant Vice President, Real Estate Development

Attachment(s):

Attachment A: 18-Month Strategy Map (January 1, 2017 through June 30, 2018)