

Review of the Port's Contracting Policies and Procedures

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Prepared by Mobius Industries USA, Inc.

Review of the Port's Contracting Policies and Procedures

Table of Contents

<u>Executive Summary</u>	3	
<u>Mission and Scope</u>		3
<u>Environment</u>		4
<u>Summary of Conclusions</u>	4	
<u>Recommendations</u>		5
<u>Review Objective, Scope and Approach</u>	6	
<u>Background</u>		6
<u>Review Objective</u>		6
<u>Review Scope</u>		8
<u>Environment</u>		9
<u>Review Approach</u>	10	
<u>Assessments and Recommendations</u>	12	
<u>Assessments of Objectives</u>		12
<u>Assessments of Focus Points</u>	12	
<u>Recommendations</u>		47
<u>Management Response</u>	48	
<u>Appendix A - Review Sample Contracts</u>	51	
<u>Appendix B - Review Survey/Interview Respondents</u>	53	
<u>Appendix C - Acronyms and Definitions</u>	56	
<u>Appendix D - Review Criteria</u>	60	

Review of the Port's Contracting Policies and Procedures

Executive Summary

Mission and Scope

Procurements and contracting practices of the Port of Seattle (Port) Central Procurement Office (CPO) have a direct impact on all Port departments and on the outside contracting community that does business with the Port. It is therefore critical that the CPO processes, procedures, management controls, and established practices be efficient, economical, and effective.

The purpose of this Review was to:

- Assess whether the established processes, procedures, management controls, and established practices are efficient, economical, and result in an effective way to provide procurements and contracting services.
- Acknowledge risk and evaluate risk management practices to ensure the Port enters into sound contracts with qualified firms at fair and reasonable contract rates.
- Identify and evaluate best practices in government procurement for delivering procurements and contracting services.
- Benchmark Port procurement practices with other government agencies best practices, including applicable private sector practices and the Federal Acquisition Regulation (FAR).

The core of the Review focused on the following key areas:

- Strategy
 - Are procurements and contracting practices managed and driven by clear and effective strategies?
 - Are procurements and contracting practices aligned with the overall Port strategy and department strategies?
 - Are procurement and contracting practices effective to attain sound contracts with qualified firms at fair and reasonable contract rates?
- Operations
 - Are the CPO staffing levels and organizational structure appropriate for the size and complexity of Port operations and business requirements?
 - Does the Port follow best practices in delivery of procurements and contracting services?
 - Are the procurements and contracting practices meeting Port department needs and the contracting community at large, that do business with the Port?
 - Are the procurements and contracting practices consistent with best practices of other governmental agencies (e.g., ports, transits, counties, and federal agencies)?
 - Is technology leveraged effectively to deliver contracting services?
 - Are the Port's contracting practices designed and applied consistently without wasteful inefficiency?

Review of the Port's Contracting Policies and Procedures

- Is the Port capital projects delivery method aligned with the contracting practices?

Environment

The Port's procurement process is heavily influenced by a wide array of stakeholders. The Port's divisions, management, RDRs, and CPO all play a vital role throughout the entire process. At every phase of the Port's procurement process, each of the stakeholders has a direct impact on the results and efficiency of the phase. The Port's procurement process is dependent on a highly engaged group of stakeholders and must work in a collaborative and aligned manner in order to meet operational expectations, compliance requirements, and key milestones. The Review's analysis, comments, and recommendations made in this report are meant for all of the Port's procurement stakeholders.

Summary of Conclusions

Based upon the totality of the Review's results, we believe that the Port's procurement process is well managed, is meeting internally managed expectations, can be flexible but is very slow.

The Port does not have a clear procurement strategy that is aligned from the Commission throughout the organization. The Review shows the Port's total procurement cycle time takes longer than other Port Authorities and Public Agencies however it should be noted that the Port does plan procurements out in a way that meets contract execution milestones while achieving compliance and minimizing business risk.

Mobius believes that the Port can achieve compliance, maintain low business risk, gain total procurement speed, and gain efficiencies. Setting a clear and aligned total procurement vision for the entire Port to include the departments, CPO, RDRs, and other stakeholders with set objectives and actions driven by key performance indicators can accomplish this.

Table 1 - Total Procurement Cycle Time (in days)

	2010 - 2014 POS Sampled Contracts (10%)	Public Agencies	Port Authorities
Small Public Works Procurements	82.6	40.0	49.4
Major Public Works Procurements	131.7	117.3	127.0
Service/Consultant Related Procurements	240.9	125.4	85.5
Purchasing Procurements	145.5	58.1	52.1

Review of the Port's Contracting Policies and Procedures

Recommendations

- **Short-term recommendation (within one year):**
 - Through the Review's internal interview phase, many of the non-CPO interviewees did not understand the meaning of the Port's Delegation of Authority (EX-2). We recommend that the Port develop a practice to reinforce consistent application of authorizations, approvals, and segregation of duties in all procurement and contracting processes.
 - Clearly define the Port's contracting and procurement strategy.
 - Review and adjust practices in order to achieve strategic goals.
 - Provide mandatory RDR training as a prerequisite to initiating a procurement activity.
 - Review all required online procurement documents in order to ensure relevance.
 - Blueprint the departmental needs of the PeopleSoft users in order to align system capabilities with business needs.
 - Set realistic and stretch KPI goals based upon best practices and review with the departments and commission on a quarterly basis.
 - Conduct rate negotiation training and require a CPO certification of training for all assigned Port negotiators.

- **Mid-term recommendation (two – five years):**
 - In order to have consistency of procurement processes and greater efficiencies, assign CPO contract administrators and buyers for CAT I and CAT II procurements and designate CPO contract administrators to departments that infrequently use the Port's procurement process.
 - Develop a flowchart for both the internal and external POS stakeholders showing how the procurement process works and related procurement expectations.
 - Develop and implement a single contract's database in order to maintain data and reduce redundancy of data entry.

- **Long term recommendation (beyond five years):**
 - Create a Port Authority Contracts and Procurement Association whereas port authorities throughout the United States can share best practices, risk management controls, emerging technologies, procurement and contracting trends, and their metrics.

Management Response

The Port's Management Response can be found prior to "Appendix A - Review Sample Contracts" on page 47 of the Report.

This report and Review were conducted for the Port's management and Audit Committee purposes. Use of this report for other purposes may not be appropriate and must be approved by Mobius Industries USA, Inc.

Review of the Port's Contracting Policies and Procedures

Review Objective, Scope and Approach

Background

Procurements and contracting practices of the Port of Seattle Central Procurement Office (CPO) have a direct impact on all Port departments and on the outside contracting community that does business with the Port. It is therefore critical that the CPO processes, procedures, management controls, and established practices be efficient, economical, and effective. The Port established a centralized procurement office in June 2008 to address issues identified in the SAO Performance Audit Report.

Review Objective

The purpose of this Review is to:

- Assess whether the established processes, procedures, management controls, and established practices are efficient, economical, and result in an effective way to provide procurements and contracting services.
- Acknowledge risk and evaluate risk management practices to ensure the Port enters into sound contracts with qualified firms at fair and reasonable contract rates.
- Identify and evaluate best practices in government procurement for delivering procurements and contracting services.
- Benchmark Port procurement practices with other government agencies best practices, including applicable private sector practices and the Federal Acquisition Regulation (FAR).

The core of the Review focused on the following key areas:

- Strategy
 - Are procurements and contracting practices managed and driven by clear and effective strategies?
 - Are procurements and contracting practices aligned with the overall Port strategy and department strategies?
 - Are procurement and contracting practices effective to attain sound contracts with qualified firms at fair and reasonable contract rates?
- Operations
 - Are the CPO staffing levels and organizational structure appropriate for the size and complexity of Port operations and business requirements?
 - Does the Port follow best practices in delivery of procurements and contracting services?
 - Are the procurements and contracting practices meeting Port department needs and the contracting community at large, that do business with the Port?

Review of the Port's Contracting Policies and Procedures

- Are the procurements and contracting practices consistent with best practices of other governmental agencies (e.g., ports, transits, counties, and federal agencies)?
- Is technology leveraged effectively to deliver contracting services?
- Are the Port's contracting practices designed and applied consistently without wasteful inefficiency?
- Is the Port capital projects delivery method aligned with the contracting practices?

Review of the Port's Contracting Policies and Procedures

Review Scope

The scope of this Review included all Central Procurement Office direct procurement and contracting activities to include Major Works, Small Works, Architectural & Engineering Professional Services, Personal Services, and Purchases Material, Equip, Supplies, Services to include Purchase Cards, from January 1, 2010 to March 11, 2014.

During the Review period, between January 1, 2010 and March 11, 2014, the Port of Seattle Central Procurement Office (CPO) directly managed approximately 723 contracts valued at approximately \$665.1M. The total population of contracts that were within included Major Works (88 contracts valued at approximately \$265.5M), Small Works (136 contracts valued at approximately \$31.6M), Architectural & Engineering Professional Services and Personal Services (451 contracts valued at approximately \$296.0M), and Purchases Material, Equip, Supplies, Services (48 contracts valued at approximately \$72.0M). The Port provided the percentage of CPO's work attributable to the Port's operational divisions and the mix should be considered in the Review's results:

- Service Agreements allocations
 - 66.6% Aviation
 - 19.0% Seaport
 - 2.6% Real Estate
 - 11.8% Corporate
- Construction allocations
 - 73.5% Aviation
 - 17.5% Seaport
 - 9.0% Real Estate
- Purchasing allocations
 - 76.5% Aviation
 - 6.5% Seaport
 - 17.0% Real Estate

This Review did not include procurements made through contracts attained by other public agencies or through P-Cards and no significant issues were identified during the Planning Phase of the Review.

Review of the Port's Contracting Policies and Procedures

Environment

The Port's procurement process is heavily influenced by a wide array of stakeholders. The Port's divisions, management, RDRs, and CPO all play a vital role throughout the entire process. At every phase of the Port's procurement process, each of the stakeholders has a direct impact on the results and efficiency of the phase. The Port's procurement process is dependent on a highly engaged group of stakeholders that must work in a collaborative and aligned manner in order to meet operational expectations, compliance requirements, and key milestones. The Review's analysis, comments, and recommendations made in this report are meant for all of the Port's procurement stakeholders.

Review of the Port's Contracting Policies and Procedures

Review Approach

The approach and methodology used for the Review was specifically designed to respond to the following objectives:

- Assess whether the established processes, procedures, and management controls are efficient, economical, and result in an effective way to provide procurements and contracting services.
- Acknowledge risk and evaluate risk management practices to ensure the Port enters into sound contracts with qualified firms at fair and reasonable contract rates.
- Identify and evaluate best practices in government procurement for delivering procurements and contracting services.
- Benchmark Port procurement practices with other government agencies best practices, including applicable private sector practices and the Federal Acquisition Regulation (FAR).

In order to review the POS CPO process in a manner that responds to the Review objectives, Mobius reviewed executed contracts, interviewed Port of Seattle (POS) procurement related stakeholders, surveyed firms and consultants that both successfully and unsuccessfully were awarded contracts by the POS, and surveyed other port authorities, large publically held companies, and other public agencies to include cities, counties, states, and the federal government.

We chose to sample contracts by year, type, and department, Mobius selected 10% of all POS CPO related contracts executed since January 2010 through March 11, 2014. Mobius chose 10% or 72 of the total contracts executed by the POS, which had a total contract value of \$248M or 37.3% of all POS contracts since 2010. The sampling represents contracts by year (2010, 2011, 2012, 2013, Jan – March 11, 2014) from each type of procurement (major, small, purchasing, and service agreements) and represents contracts supporting the Aviation, Capital Development, Corporate, Real Estate, and Seaport divisions. Each contract was reviewed in order to ensure each of the CPO's stated procurement processes were followed, the time it took in order to complete each step, and if any significant business risks were identified as a result of the process or when applicable the rate negotiations.

Mobius also pulled from the contract sample set the names of the associated Requesting Department Representatives (RDRs) and every consultant or firm that responded to the selected solicitations. We then interviewed 30 CPO employees (managers and administrators) as well as 62 POS department managers, RDRs, and contract specialists. In the interviews, we focused on the efficiency of each CPO process step, risks, controls, average time required to conduct each of the CPO's process steps, the CPOs ability to meet the needs of the customers and operations, customer service, knowledge and training of the key CPO process stakeholders, the

Review of the Port's Contracting Policies and Procedures

Port's CPO strategy, interest levels from outside firms/consultants, perceived barriers to conduct business with the Port, costs associated to do business with the Port, and CPO resources.

After the contract review and interviews, Mobius both interviewed and surveyed outside organizations regarding their contracts and procurement metrics, benchmarks, and best practices. Mobius interviewed and/or surveyed 27 port authorities throughout the United States, 21 public agencies to include a federal agency, a state government, 4 counties, 15 cities, and 4 publicly held large companies. Mobius also interviewed and/or surveyed 63 firms and consultants that responded to one of the sampled contracts in order to receive their perspective on the POS CPO process and applicable rate negotiations.

These results were compiled and analyzed in order to conduct an efficient comparison analysis based upon actual POS milestone metrics, establish relevant benchmarks to include the FAR, identify best practices in procurement, review risk management practices, thus ensuring the POS is entering in contracts at sound and reasonable rates, and provide the POS with analysis and recommendations which focused on the following key areas:

- Strategy
 - Are procurements and contracting practices managed and driven by clear and effective strategies?
 - Are procurements and contracting practices aligned with the overall Port strategy and department strategies?
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 - Are the CPO staffing levels and organizational structure appropriate for the size and complexity of Port operations and business requirements?
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 - Is the Port capital projects delivery method aligned with the contracting practices?

Review of the Port's Contracting Policies and Procedures

Review Objective Assessments and Recommendations

Objective 1: Assess whether the established processes, procedures, and management controls are efficient, economical, and result in an effective way to provide procurements and contracting services.

Key Review notes: The sample set of contracts was reviewed in order to determine whether all key POS procurement controls and milestones were achieved. Interviews and surveys were conducted with the CPO and Requesting Department Representatives (RDRs) in order to review controls, the efficiency by key milestones, and procurement performance. The Port's solicitation respondents were surveyed to determine if the Port effectively advertised business opportunities to outside firms and consultants.

Assessment: No significant issues were observed in the control management within the procurement and contracting process. The Port's procurement process is controlled IAW the RCW, FAR, Port Resolutions/Regulations, and Policies/Procedures. Key public works contracting processes require Commission notification for key procurement milestones such as advertisement, execution, and change orders that exceed certain parameters.

Based upon the Port's current procurement policies and procedures, the process is considered adequate but can become more efficient and economical. The Review looked at the controls, efficiencies, performance, quality, and significant procurement milestones and found minor issues with some possible areas of improvement.

The interviews and surveys identified that the majority of CPO contract administrators and buyers along with the RDRs believe there is more than adequate control (see Figure 1) and based upon the direct interviews, strongly believe the Port has an opportunity to become more efficient while maintaining compliance and transparency.

Figure 1 - Management Controls (Procurement & Contracts)

Group	Too much	Significant	Adequate
Port of Seattle - Total	22.9%	52.1%	25.0%
CPO	5.9%	61.8%	32.4%
All (less CPO)	28.2%	49.1%	22.7%
Aviation	17.2%	51.7%	31.0%
Capital Development (less CPO)	26.5%	58.8%	14.7%
Corporate	30.8%	46.2%	23.1%
Real Estate	43.8%	31.3%	25.0%
Seaport	40.0%	40.0%	20.0%

Review of the Port's Contracting Policies and Procedures

Although the majority of the interviewed RDRs have identified the process as too complex and confusing, ~84% of the Port's non-CPO interviewees believes the CPO team is performing adequately or better (see Figure 2).

Figure 2 - CPO Performance

Group	Very High	High	Adequate	Low	Poor
Port of Seattle - Total	10.4%	41.5%	35.6%	8.9%	3.7%
CPO	24.2%	66.7%	6.1%	0.0%	3.0%
All (less CPO)	5.9%	33.3%	45.1%	11.8%	3.9%
Aviation	3.6%	35.7%	42.9%	14.3%	3.6%
Capital Development (less CPO)	12.9%	38.7%	41.9%	3.2%	3.2%
Corporate	4.3%	30.4%	43.5%	17.4%	4.3%
Real Estate	0.0%	28.6%	57.1%	14.3%	0.0%
Seaport	0.0%	20.0%	60.0%	0.0%	20.0%

Over half (67%) of the POS stakeholders interviewed and surveyed believe the procurement process is efficient (average or better – see figure 3). Half or more than half of the Aviation, Seaport, and Real Estate divisional respondents rate the procurement efficiency as less than average; however, 84% of the departmental respondents, as well as the CPO see the quality (on time and with few change orders – see figure 4) of the contracts as average or better.

The departmental interviews suggest that certain projects receive a higher priority and others may be delayed. There is frustration with the majority of the Port's RDRs that the process for the Cat II and III procurements are exactly the same and are not tailored to the needs of the individual departments.

Figure 3 - Procurement Efficiency

Group	Very High	High	Average	Low	Poor
Port of Seattle - Total	3.1%	17.6%	46.6%	26.7%	6.1%
CPO	3.2%	38.7%	54.8%	3.2%	0.0%
All (less CPO)	3.0%	11.0%	44.0%	34.0%	8.0%
Aviation	3.8%	0.0%	38.5%	50.0%	7.7%
Capital Development (less CPO)	3.0%	12.1%	57.6%	24.2%	3.0%
Corporate	4.8%	23.8%	33.3%	33.3%	4.8%
Real Estate	0.0%	14.3%	35.7%	35.7%	14.3%
Seaport	0.0%	0.0%	50.0%	16.7%	33.3%

Based upon the contract reviews, there were no significant issues noted with change orders or significant delays beyond the stated expectation of contract kick-off. The Port's survey participants also indicate that the contracts are typically delivered on time with few change orders.

Review of the Port's Contracting Policies and Procedures

Figure 4 – Contract Quality

Group	Very high (100% on time procurement and no change orders required)	High (mostly on time procurement and few change orders required)	Average (above 50% on time procurement and/or some change orders required)	Below average (below 50% on time procurement and/or numerous change orders required)	Poor (0% on time procurement and/or always change orders required)
Port of Seattle - Total	4.4%	42.9%	36.3%	15.4%	1.1%
CPO	4.3%	60.9%	21.7%	8.7%	4.3%
All (less CPO)	4.4%	36.8%	41.2%	17.6%	0.0%
Aviation	0.0%	55.6%	33.3%	11.1%	0.0%
Capital Development (less CPO)	4.3%	26.1%	43.5%	26.1%	0.0%
Corporate	7.7%	38.5%	46.2%	7.7%	0.0%
Real Estate	10.0%	30.0%	40.0%	20.0%	0.0%
Seaport	0.0%	25.0%	50.0%	25.0%	0.0%

The interviews and surveys that were conducted within the Port suggest that there is opportunity to improve efficiencies, reduce costs, and reduce the amount of time required to adequately plan, procure, and begin operations. In this Review, the procurement actions for Category I, II, and III procurements were analyzed using the following general procurement milestones:

1. Acquisition Planning Phase *(see Figure 5)*.
2. Request/Requisition Review Phase *(see Figure 6)*.
3. Solicitation/Advertisement Phase *(see Figure 7)*.
4. Interview/Demonstration Phase *(if applicable- see Figure 8)*.
5. Bid Opening and Evaluation Phase *(see Figure 9)*.
6. Rate Negotiation Phase *(if applicable- see Figure 10)*.
7. Contract execution After the Notice of Intent to Award *(see Figure 11)*.

Figure 5 – Acquisition Planning Phase

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	51.6%	45.2%	3.2%

Review of the Port's Contracting Policies and Procedures

CPO	34.5%	58.6%	6.9%
All (less CPO)	56.7%	41.2%	2.1%
Aviation	56.0%	44.0%	0.0%
Capital Development (less CPO)	47.1%	50.0%	2.9%
Corporate	50.0%	45.0%	5.0%
Real Estate	84.6%	15.4%	0.0%
Seaport	80.0%	20.0%	0.0%

The acquisition-planning phase includes all RDR activities up to and including the actual acquisition planning meeting(s). The Port's CPO senior management typically assists the Requesting Department's management and RDRs with planning the procurement strategy. CPO contract administrators/buyers do not actively get involved until after this phase is complete. The majority of the CPO contract administrators and buyers, as well as the RDRs, expressed frustration with the lack of inter-office communication in regards to the strategy and specific requirements. Overwhelmingly, the respondents believe the contract administrator assigned to a particular procurement should participate in the acquisition-planning meeting.

As figure 5 indicates below, with the exception of the Port's Capital Development division, all of the Port's divisional respondents state that the acquisition-planning phase takes too long. The CPO respondents (contract administrators and buyers) typically do not participate in this phase so should be excluded from the results. Top reason for the delays is tied to scheduling meetings with all the required participants from the Requesting Department.

Figure 6 – Request/Requisition Review Phase

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	32.8%	51.5%	15.7%
CPO	20.0%	53.3%	26.7%
All (less CPO)	36.5%	51.0%	12.5%
Aviation	30.8%	42.3%	26.9%
Capital Development (less CPO)	25.7%	68.6%	5.7%
Corporate	34.8%	52.2%	13.0%
Real Estate	66.7%	26.7%	6.7%
Seaport	60.0%	40.0%	0.0%

The request/requisition review phase is conducted prior to advertisement and is the stage where the CPO works with the RDR in order to ensure all required analysis, documentation, solicitation requirements, terms and conditions, and approvals are accurate, compliant with the Port's policies and procedures, and complete. 63.5% of the RDRs and 80% of the CPO contract administrators/buyers see this stage as adequate or efficient (see figure 6). During the interviews, a number of issues were frequently raised by both the RDRs and the members of the CPO to include:

- Infrequent users (RDRs) of the CPO process are not properly trained
- RDRs have a difficult time staying updated with the changing CPO policies and procedures.

Review of the Port's Contracting Policies and Procedures

- Online forms are not up-to-date.
- There are inconsistencies from CPO contract administrators/buyers in their performance and requirements.
- Priorities can shift from one procurement to another with poor communication flow between the stakeholders.
- Only senior members of management can exercise procurement decisions or authority thus contract administrators/buyers are delayed waiting for interpretation of direction or approval to proceed.

Figure 7 - Solicitation/Advertisement Phase

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	19.5%	52.0%	28.5%
CPO	9.7%	41.9%	48.4%
All (less CPO)	22.8%	55.4%	21.7%
Aviation	8.7%	60.9%	30.4%
Capital Development (less CPO)	27.6%	58.6%	13.8%
Corporate	30.4%	52.2%	17.4%
Real Estate	30.8%	38.5%	30.8%
Seaport	0.0%	75.0%	25.0%

The majority (80.5%) of the RDRs and members of the CPO (see figure 7) believe that the solicitation and advertisement phase is adequate to efficient. The top issue identified in this phase indicates that the scope and specification requirements within solicitation may not be well defined. Many RDRs stated that they are not properly trained or experienced enough to write the technical specifications.

Figure 8 - Interview/Demonstration Phase

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	18.0%	52.0%	30.0%
CPO	17.6%	52.9%	29.4%
All (less CPO)	18.1%	51.8%	30.1%
Aviation	13.6%	59.1%	27.3%
Capital Development (less CPO)	8.0%	64.0%	28.0%
Corporate	27.3%	45.5%	27.3%
Real Estate	40.0%	20.0%	40.0%
Seaport	0.0%	50.0%	50.0%

The interview/demonstration phase is only applicable to purchasing and service agreement/consultant types of procurements. As noted in figure 8, 82% of the CPO and RDRs see this phase as adequate to efficient. Many of the respondents have applauded the CPO for improving the evaluation portion of this phase and with only the hope to be able to ask ad-hoc questions, do not see a lot of room for further efficiencies without losing the quality of the interview or demonstration.

Figure 9 - Bid Opening and Evaluation Phase

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	15.7%	53.5%	30.7%

Review of the Port's Contracting Policies and Procedures

CPO	0.0%	53.3%	46.7%
All (less CPO)	20.6%	53.6%	25.8%
Aviation	20.8%	58.3%	20.8%
Capital Development (less CPO)	11.8%	64.7%	23.5%
Corporate	36.4%	36.4%	27.3%
Real Estate	25.0%	50.0%	25.0%
Seaport	0.0%	40.0%	60.0%

The bid opening and evaluation phase is seen by approximately 84% of the Port's survey and interview respondents as adequate or efficient (see figure 9). Again, many of the respondents indicated that the evaluation process has dramatically improved over the past few years. Minor issues, most notably, were trying to schedule time with the required evaluators from the Requesting Department.

Figure 10 – Rate Negotiation Phase

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	41.2%	46.4%	12.4%
CPO	25.0%	50.0%	25.0%
All (less CPO)	44.4%	45.7%	9.9%
Aviation	38.9%	50.0%	11.1%
Capital Development (less CPO)	50.0%	39.3%	10.7%
Corporate	38.1%	52.4%	9.5%
Real Estate	33.3%	55.6%	11.1%
Seaport	80.0%	20.0%	0.0%

75% of the CPO and 56% of the RDRs believe that the rate negotiation phase is adequate to efficient (see figure 10). Half of the Capital Development divisional respondents see this phase as taking too long. There were a number of issues seen in the contract samples and cited during the interviews:

- Unclear if the RDR or the CPO is supposed to conduct the negotiation.
- Negotiators do not feel they are adequately trained.
- The rate negotiation tool (MINT) is built only to analyze the local region and may not include all the specialty occupations.
- Since January 1, 2010 there have been inconsistent methods of determining whether a rate is fair and reasonable – some use the MINT, others use previous contracts. Recently, the Port's CPO has rolled out a consistent methodology of negotiating rates through the use of the MINT, current GSA schedules, and historical contract data.

Figure 11 – Contract execution After the Notice of Intent to Award

Group	Too Long	Adequate	Efficient
Port of Seattle - Total	28.7%	51.9%	19.4%
CPO	6.3%	59.4%	34.4%
All (less CPO)	36.1%	49.5%	14.4%
Aviation	36.0%	40.0%	24.0%
Capital Development (less CPO)	34.4%	56.3%	9.4%
Corporate	31.8%	59.1%	9.1%
Real Estate	38.5%	46.2%	15.4%

Review of the Port's Contracting Policies and Procedures

Seaport	60.0%	20.0%	20.0%
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Figure 12 – Port's Perceived Barriers for Firms/Consultants to do Business with the Port

Group	Terms and Conditions	Insurance Requirements	Bonding Requirements	Safety and Security Requirements	Other
Port of Seattle - Total	46.2%	40.6%	22.4%	8.4%	23.8%
CPO	47.1%	41.2%	32.4%	5.9%	17.6%
All (less CPO)	45.9%	40.4%	19.3%	9.2%	25.7%
Aviation	37.9%	34.5%	13.8%	6.9%	13.8%
Capital Development (less CPO)	44.1%	38.2%	20.6%	8.8%	29.4%
Corporate	40.0%	40.0%	4.0%	4.0%	24.0%
Real Estate	68.8%	56.3%	50.0%	25.0%	37.5%
Seaport	60.0%	40.0%	20.0%	0.0%	40.0%

Figure 12A – POS Solicitation Respondents Barriers for Firms/Consultants to do Business with the Port as compared to other Public Entities

Terms and Conditions	Bonding Requirements	Insurance requirements	No Difference
38.1%	7.9%	9.5%	42.9%

Figure 12B – POS Solicitation Respondents Barriers for Firms/Consultants to do Business with the Port as compared to other Publicly Held Commercial Companies

Terms and Conditions	Bonding Requirements	Insurance requirements	No Difference
42.9%	15.9%	15.9%	25.4%

There is a large disparity between the ratings that the CPO and the divisional RDRs give the period of time between contract execution (the period of time after the negotiations are completed and/or notice of intent to award is given to the time when a contract is fully accepted and authorized) and the notice of intent to award. 94% of the CPO believes the amount of time is adequate to efficient, whereas 64% of the divisional RDRs see it as such (see figure 11). As figure 12 depicts, both members of the CPO and the RDRs believe firms/consultants have issues with the Port's Terms and Conditions (T&Cs), insurance, bonding requirements (this is not a discretionary practice as it is a mandate), equal benefit compliance, security, and safety plans. 38% sampled respondents (figure 12A) to the Port's solicitations that were interviewed/surveyed did indicate that the Port's T&Cs were more of a barrier than other public agencies, and 8% stated that the bonding were more stringent than other public agencies. 43% of the POS solicitation respondents did not see a difference working with the Port versus another public agency and 25% (figure 12B) versus publically held commercial companies.

Objective 2: Acknowledge risk and evaluate risk management practices to ensure the Port enters into sound contracts with qualified firms at fair and reasonable contract rates.

Review of the Port's Contracting Policies and Procedures

Key Review notes: The sample set of contracts was reviewed in order to determine whether the Port's Terms and Conditions (including bonding, insurance, security, and safety requirements) were deemed strong enough to protect the Port's interests. Contracts were also reviewed in order to determine whether enough proposals or quotes were received in order to have a competitive basis of evaluation. Interviews and surveys were conducted with the CPO and Requesting Department Representatives (RDRs) in order to review if there were any significant risks associated with the sampled contracts and how often risks were monitored. Firms and consultants were surveyed in order to determine if their billing rates were set any higher than with their other public agency and large commercial customers.

Assessment: No significant issues were observed. 100% of the sampled contracts reviewed showed consistency in the T&Cs and were deemed adequate. The majority of the RDRs and all of the CPO contract administrators/buyers indicate that they review business risks for each procurement.

Although no issues were noted with the number of fully responsive bidders/proposals, 50% of the purchasing department related procurements only received one or two responsive bidders (see figure 13). All of the CPO groups have an opportunity to advertise to a larger group of potential bidders. Many of the Port's interviewees suggested that firms and consultants are resistant to doing work with the Port, as it costs more and as such they are resistant to competing. However, 97% of the POS solicitation respondents (those who have successfully completed and those that have not) state that they will continue to compete for opportunities at the Port and 89% stated that they check the Seattle Daily Journal of Commerce either daily or weekly.

Figure 13 – POS Solicitation Responses - # Bidders

Type	Average No. of Bidders/Proposals Rx	% of less than three bidders/Proposals Rx
MC	6.4	7.1%
SW	3.9	12.5%
PUR	3.8	50.0%
SA	8.1	18.6%

Nearly half of the surveyed/interviewed commercial companies believe that it does cost more to work with the Port (see figure 14) although 90% state that their billing rates are not inflated in order to work with the Port.

Figure 14 – POS Solicitation Responses – Costs & Billing Rates

Does it cost more to work with the POS than with other public entities?	Does it cost more to work with the POS than with publically held companies?	Are your billing rates (overhead and profit) higher on a POS contract than on contracts with other public entities?	Are your billing rates (overhead and profit) higher on a POS contract than on contracts with publically held companies?
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Review of the Port’s Contracting Policies and Procedures

Yes 46%	Yes 62%	Yes 13%	Yes 8%
No 54%	No 38%	No 88%	No 92%

Objective 3: Identify and evaluate best practices in government procurement for delivering procurements and contracting services.

Key Review notes: There were 35 Port Authorities surveyed and 20 fully completed the survey, 29 Public agencies (federal, state, county/parish, and cities) and four large publically held commercial companies also participated in the survey and 19 fully completed the survey. From that surveyed/interviewed sample set and using the standards of whether the Port Authority or Public Agency achieved either “well controlled” or “satisfactory” procurement audit results on their last procurement and contracts audit, best practices were identified and evaluated.

Best Practices: Compliance is the top priority of Port Authorities (63%), however our Port Authorities indicated that depending on the type of contracting activity (public works, service agreements, etc.) there are elevated issues of compliance (i.e., Public Contract Code, Labor Code, etc.). In all cases, procurement with the top quartile respondents focused on transparency and customer service.

Top quartile performers use Key Performance Indicators (KPIs) and set goals in the delivery of contracts and procurements. The top quartile of performers stated that they use both the Contract Compliance and the Delivery KPIs most often. Listed below are the KPIs most often used in order of frequency:

1. Procurement Cycle Time (Top KPI for Public Agencies) - This procurement KPI measures the average amount of time it takes to process an order. It typically starts at the time the purchase requisition (PR) is placed with the purchasing department, and ends when the contract is signed and all T&C requirements are met. This includes the amount of time spent on the request for quotation (RFQ) from several vendors, and the process taken to award the job to the winning vendor. The Port uses the “Transparent Pipeline” in order to measure the amount of time taken to process an order but does not set any goals in order to improve efficiencies, performance, or reduce cost.
2. Contract compliance (Top KPI for Port Authorities) - this KPI measures compliance to contract service level agreements (SLA’s), contract terms and conditions (T&Cs), and pricing agreements. This metric is used to benchmark suppliers’ compliance to the standards they have negotiated. The Port does manage SLAs, T&Cs, and pricing but does not track this KPI nor set any targets.

Review of the Port's Contracting Policies and Procedures

3. Delivery (Least used by Public Agencies) - This procurement KPI measures the accuracy of the deliveries of a product. This is done by comparing the actual delivery date to the promised (or quoted) date for a product or service, and seeing how frequently it is late, and by how many days/weeks/months it is late. Recommend the Port does not use as a KPI target as it is not used often and the Procurement Cycle Time KPI meets the same efficiency objective.
4. Quality (Least used by Port Authorities) - Supply base has demonstrated continuous improvement in defect rates. This can be achieved by identifying metrics such as defects per million (DPM) that effectively measure the progress being made towards "betterment of quality". Recommend the Port does not use as a KPI target as the Port generally does not produce a specific end-item in large quantities.

Best practices were identified and evaluated for the respondent/interviewee total procurement process and each of the procurement process milestones:

1. Total Procurement Process

- Well-defined and detailed written policies, processes, and procedures compliant with federal, state, and local law - well defined time lines for differing types of requirements.
- Service level agreements with defined expectations and goals.
- Standardized contract templates, terms and conditions, and other forms.
- Leverage procurement by consolidating requirements for volume purchasing.
- Develop and implement cooperative procurement strategies.
- Utilization of reverse auctions.
- Procurement agents certified by National Institute of Government Purchasing.
- Benchmarking using internal standards by type of procurement and/or standards detailed by the National Institute of Government Purchasing targets.
- P-Cards used under \$10K.
- Utilization of State contracts database for purchases.
- Electronic solicitation and bidding with on-line vendor management.
- Use of on call agreements and making procurement document templates consistent.

2. Acquisition Planning Phase

- Communication with end users, suppliers, reviews of cooperative contracts available to compile market research reports.
- Establish requirements with user departments, determine budgets, ensure funding, prepare non-restrictive scope of work, and specifications.

Review of the Port's Contracting Policies and Procedures

- Early and pro-active interface with the requesting department/individual in order to establish clarity of purpose, develop proper specifications and/or scope of work.
 - Conduct pre-advertisement meetings when appropriate.
3. Request/Requisition Review Phase
- Needs are clearly identified with clear and realistic timelines.
 - Thorough review of the scope of work and specifications to ensure non-restrictive and promote competition.
 - Reviewed for compliance, value, and transparency.
 - All supporting documents must be linked to electronic requisition prior to assignment to procurement staff.
 - All procurements have a formal procurement checklist.
 - Maintain currency with relevant Terms and Conditions.
 - Large procurement projects are reviewed by the Director of Procurement
4. Solicitation/Advertisement Phase
- Provide limits in page quantity for RFP/RFQ responses that reduces consultant preparation for response and evaluation team review.
 - Advertise in the local newspaper, minority websites, specialized publications, and journals.
 - Advertise on the internal website.
 - i. Bid documents posted on internal website for all registered suppliers to download.
 - ii. Send automatic email notifications of a bid in any NAICS category the vendor has registered for.
 - For Washington State agency utilize the Washington's Electronic Business Solution (WEBS) website.
 - Send bid notifications to known potential bidders.
 - Directly contact firms that have registered through the internal Social Responsibility Department.
 - Establish relationships with the local chamber of commerce.
5. Interview/Demonstration Phase
- Standardized methods of interviews, evaluations, and demonstrations.
 - Central procurement provides guidance to the selection advisory committee.
 - Short listed firms are given scripts prior to demonstrations/interviews.
 - Pre-established questions, requirements and score sheets provided to firms and internal evaluation committee.
 - Advertise the interview date in the solicitation so the proposers are aware of when they will be held.
 - Require all evaluators to sign and disclose any potential conflict of interests.

Review of the Port's Contracting Policies and Procedures

- The procurement function provides the evaluation committee with rule of conduct during interviews.
 - Interviews are conducted by a panel of subject matter experts.
 - Provide debriefings that also allow for reciprocal feedback to the process.
6. Bid Opening and Evaluation Phase
- Standardized formal and informal bid opening procedures.
 - Evaluation for responsiveness by procurement officials first, then for acceptability using a facilitated review of the bid or proposal. Standardized Minimum Requirements Review is conducted for all submitted bids.
 - Provide an abstract at the conclusion of bid opening.
 - Bids scanned and emailed to evaluators within hours.
7. Rate Negotiation Phase
- Clear negotiation guidelines are issued.
 - Internal training is required prior to allowing an employee to conduct rate negotiations.
 - Requirements to submit best rates based on level of expertise needed to perform the project are advertised in the solicitation.
 - During negotiations, service providers are asked to justify positional assignments versus at a lower level of expertise.
 - Detailed scopes and hours to perform that work are requested.
 - Utilization of work breakdown structures to establish fair comparisons.
 - A cost-price analysis and rate negotiations are conducted concurrently with the negotiation hours and scope of work.
8. Contract execution After the Notice of Intent to Award
- Standardized review practice by user department, internal procurement office, internal attorney, and risk management.
 - Department and contractor's signatures are collected at the beginning of the award process, then signed, complete contract packages routed for final approval electronically.

Objective 4: Benchmark Port procurement practices with other government agencies best practices, including applicable private sector practices and the Federal Acquisition Regulation (FAR).

Key Review notes: In order to benchmark the Port's procurement practices with relevant organizations, the benchmark analysis was based upon other government agencies excluding Port authorities (to include those that follow the Federal Acquisition Regulation (FAR)) and other port authorities. The Review focused on the significant procurement milestones and the associated timelines as a metric.

Review of the Port's Contracting Policies and Procedures

Through the surveys and interviews, comparisons versus the Port were made from the top performing port authorities and other public agencies. The report excludes any organization that did not achieve either a well controlled or satisfactory procurement audit result and commercial companies due to significantly different regulatory requirements. The results of benchmarking the Port's procurement process against other Port Authorities and public entities show valid results however, should be viewed with management discretion as there are significant standard deviations (see Appendix C – Acronyms and Definitions) due to self-reporting of metrics, variances in procurement process definition, variance in efficiency tied to prioritizing efforts and assigning more focused resources), resources applied to a procurement effort, individual entity risk management controls, unique local and state procurement laws, and sample populations.

Figure 15 – Benchmarks – Total Contracts and Procurement Time (Procurement Function Involvement through Contract Execution)

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	40.0	117.3	125.4	58.1
	Median	Median	Median	Median
	30.0	90.0	60.0	20.5
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	26.7	45.3	40.5	24.3

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	49.4	127.0	85.5	52.1
	Median	Median	Median	Median
	36.5	107.5	59.0	25.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	34.8	93.2	73.1	43.6
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	82.6	131.7	240.9	145.5
	Median	Median	Median	Median
	84.0	123.0	234.0	107.5
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	30.3	48.7	130.5	145.5

	Average	Average	Average	Average
Port v. Public Agencies % Difference	106.4%	12.3%	92.0%	150.3%
Port v. Port Authorities % Difference	67.3%	3.7%	181.6%	179.3%
Port v. Public Agencies # Days Difference	42.6	14.5	115.4	87.4
Port v. Port Authorities # Days Difference	33.2	4.7	155.3	93.4

Assessment: The Port is within 5% or 5 days of the total procurement period required for major public works procurement as compared with other Port Authorities (see figure 15). The Port is significantly higher than all respondents as compared to small works procurements (+106% or 43 days v. public agencies and +67% or 33 days v. other port authorities), service/consultant related procurements (+92% or 115 days v. public agencies and +182% or 155 days v. other port authorities), and purchasing related procurements (+150% or 87 days v. public agencies and +179% or 93 days v. other port authorities). Further benchmarks were identified and evaluated for each of the significant milestones in the procurement process (see figures 16 – 22). Benchmark highlights by milestone:

Figure 16 – Benchmarks – Total Acquisition Planning Phase Time

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	14.6	34.4	9.4	18.6
	Median	Median	Median	Median
	5.0	30.0	10.0	20.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	20.8	26.4	5.6	12.3

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	16.4	63.5	29.7	13.5
	Median	Median	Median	Median
	14.0	45.0	25.0	12.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	12.8	61.8	23.4	7.8
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	10.0	62.0	72.6	sample too small
	Median	Median	Median	Median
	10.0	32.0	48.0	sample too small
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	sample too small	61.4	80.4	sample too small

	Average	Average	Average	Average
Port v. Public Agencies % Difference	-31.6%	80.4%	672.0%	sample too small
Port v. Port Authorities % Difference	-39%	-2.4%	144.1%	sample too small
Port v. Public Agencies # Days Difference	(4.6)	27.6	63.2	sample too small
Port v. Port Authorities # Days Difference	(6.4)	(1.5)	42.8	sample too small

1. Acquisition Planning Phase (*see Figure 16 and Appendix C – Acronyms and Definitions*) – *Note: This phase may be defined differently from one entity to another as some do not conduct acquisition planning in the same manner as the Port.*
 - a. Small works (-32% or -5 days v. public agencies and -39% or -6 days v. other port authorities).
 - b. Major works (+80% or +28 days v. public agencies and -2% or -2 days v. other port authorities).
 - c. Service/Consultant related procurements (+672% or +63 days v. public agencies and +144% or +43 days v. other port authorities).
 - d. Purchasing related procurements (sample set was too small).

Figure 17 – Benchmarks – Total Solicitation/Review Phase Time

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	2.9	6.7	3.4	6.9
	Median	Median	Median	Median
	2.5	5.0	3.0	5.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	2.2	5.3	1.5	7.1

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	4.3	10.3	9.3	5.2
	Median	Median	Median	Median
	2.5	10.0	7.0	2.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	4.1	7.8	9.2	7.0
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	26.3	63.5	70.7	104.0
	Median	Median	Median	Median
	15.0	70.0	57.0	82.5
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	22.1	51.7	54.9	98.6

	Average	Average	Average	Average
Port v. Public Agencies % Difference	814.3%	845.1%	1995.2%	1409.7%
Port v. Port Authorities % Difference	518.5%	519.1%	664.5%	1888.2%
Port v. Public Agencies # Days Difference	23.4	56.7	67.3	97.1
Port v. Port Authorities # Days Difference	22.0	53.2	61.5	98.8

2. Request/Requisition Review Phase *(see Figure 17 and Appendix C – Acronyms and Definitions)*

- a. Small works (+814% or +23 days v. public agencies and +519% or +22 days v. other port authorities).
- b. Major works (+845% or +57 days v. public agencies and +519% or +53 days v. other port authorities).
- c. Service/Consultant related procurements (+1,995% or +67 days v. public agencies and +665% or +62 days v. other port authorities)
- d. Purchasing related procurements (+1,410% or +97 days v. public agencies and +1,888% or +99 days v. other port authorities)

Figure 18 – Benchmarks – Total Advertising Phase Time

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	4.8	13.8	6.6	16.7
	Median	Median	Median	Median
	5.0	14.0	5.0	20.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	3.9	11.0	5.2	13.3

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	11.1	29.4	19.7	10.3
	Median	Median	Median	Median
	8.5	25.5	14.0	8.5
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	8.9	22.7	16.1	9.8
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	20.3	50.5	38.6	44.3
	Median	Median	Median	Median
	20.0	40.0	27.0	28.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	6.8	29.5	36.1	42.0

	Average	Average	Average	Average
Port v. Public Agencies % Difference	327.1%	266.8%	483.2%	165.6%
Port v. Port Authorities % Difference	83.2%	71.7%	95.8%	329.8%
Port v. Public Agencies # Days Difference	15.5	36.8	32.0	27.6
Port v. Port Authorities # Days Difference	9.2	21.1	18.9	34.0

3. Solicitation/Advertisement Phase *(see Figure 18 and Appendix C – Acronyms and Definitions)*

- a. Small works (+327% or +16 days v. public agencies and +83% or +9 days v. other port authorities)
- b. Major works (+267% or +37 days v. public agencies and +72% or +21 days v. other port authorities)
- c. Service/Consultant related procurements (+483% or +32 days v. public agencies and +96% or +19 days v. other port authorities)
- d. Purchasing related procurements (+166% or +28 days v. public agencies and +330% or +34 days v. other port authorities)

Figure 19 – Benchmarks – Total Interview/Demonstration Phase Time

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	2.8	19.3	6.0	16.7
	Median	Median	Median	Median
	2.0	17.5	2.0	5.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	2.0	18.0	6.2	17.8

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	8.3	25.6	9.5	9.8
	Median	Median	Median	Median
	6.0	6.0	10.0	7.5
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	8.8	47.1	7.5	11.5
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	NA	NA	35.8	NA
	Median	Median	Median	Median
	NA	NA	35.0	NA
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	NA	NA	16.7	NA

	Average	Average	Average	Average
Port v. Public Agencies % Difference	NA	NA	496.6%	NA
Port v. Port Authorities % Difference	NA	NA	278.1%	NA
Port v. Public Agencies # Days Difference	NA	NA	29.8	NA
Port v. Port Authorities # Days Difference	NA	NA	26.3	NA

4. Interview/Demonstration Phase *(if applicable- see Figure 19 and Appendix C – Acronyms and Definitions)*
 - a. Small works (Not Applicable)
 - b. Major works (Not Applicable)
 - c. Service/Consultant related procurements (+497% or +30 days v. public agencies and +278% or +26 days v. other port authorities)
 - d. Purchasing related procurements (Not Applicable)

Figure 20 – Benchmarks – Total Bid Opening/Evaluation Phase

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	1.9	8.1	3.6	13.4
	Median	Median	Median	Median
	1.0	5.0	1.5	10.0
	Std. Deviation	Std Deviation	Std. Deviation	Std. Deviation
	1.5	9.5	4.0	11.1

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	6.5	16.6	14.9	7.2
	Median	Median	Median	Median
	2.0	5.0	5.0	3.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	13.4	23.9	26.2	9.2
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	12.7	20.0	19.8	25.7
	Median	Median	Median	Median
	11.0	15.0	21.0	13.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	6.3	12.2	15.0	32.1

	Average	Average	Average	Average
Port v. Public Agencies % Difference	575.6%	146.6%	447.2%	91.4%
Port v. Port Authorities % Difference	94.1%	20.3%	33.1%	257.3%
Port v. Public Agencies # Days Difference	10.8	11.9	16.2	12.3
Port v. Port Authorities # Days Difference	6.1	3.4	4.9	18.5

5. Bid Opening and Evaluation Phase *(see Figure 20 and Appendix C – Acronyms and Definitions)*

- a. Small works (+576% or +11 days v. public agencies and +94% or +6 days v. other port authorities)
- b. Major works (+147% or +12 days v. public agencies and +20% or +3 days v. other port authorities)
- c. Service/Consultant related procurements (+447% or +16 days v. public agencies and +33% or +5 days v. other port authorities)
- d. Purchasing related procurements (+91% or +12 days v. public agencies and +257% or +19 days v. other port authorities)

Figure 21 – Benchmarks – Total Rate Negotiation Phase Time

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	2.8	13.6	2.8	26.7
	Median	Median	Median	Median
	2.5	10.0	2.5	20.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	1.7	11.5	1.7	28.2

Review of the Port's Contracting Policies and Procedures

Port Authorities	Average	Average	Average	Average
	8.5	23.0	18.3	9.6
	Median	Median	Median	Median
	5.0	14.0	12.0	7.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	9.2	27.1	22.4	8.9
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	NA	NA	67.3	NA
	Median	Median	Median	Median
	NA	NA	50.5	NA
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	NA	NA	46.1	NA

	Average	Average	Average	Average
Port v. Public Agencies % Difference	N/A	N/A	2348.2%	N/A
Port v. Port Authorities % Difference	N/A	N/A	268.2%	N/A
Port v. Public Agencies # Days Difference	N/A	N/A	64.6	N/A
Port v. Port Authorities # Days Difference	N/A	N/A	49.0	N/A

6. Rate Negotiation Phase (*if applicable- see Figure 21 and Appendix C – Acronyms and Definitions*)
- a. Small works (Not Applicable)
 - b. Major works (Not Applicable)
 - c. Service/Consultant related procurements (+2,348% or +65 days v. public agencies and +267% or +49 days v. other port authorities)
 - d. Purchasing related procurements (Not Applicable)

Figure 22 – Benchmarks – Total Notice of Intent to Award to Contract Execution Time

	Small Public Works Procurements	Major Public Works Procurements	Service/Consultant Related Procurements	Purchasing Procurements
Public Agencies	Average	Average	Average	Average
	10.4	21.4	9.5	26.4
	Median	Median	Median	Median
	5.0	15.0	5.0	10.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	17.2	17.1	12.6	38.6
Port Authorities	Average	Average	Average	Average

Review of the Port's Contracting Policies and Procedures

	10.8	22.1	13.9	9.9
	Median	Median	Median	Median
	10.0	15.0	10.0	7.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	10.6	15.7	11.9	11.2
Port of Seattle (sampled contracts)	Average	Average	Average	Average
	32.4	14.7	36.3	29.3
	Median	Median	Median	Median
	24.5	13.0	18.5	8.0
	Std. Deviation	Std. Deviation	Std. Deviation	Std. Deviation
	27.2	10.2	38.5	55.3

	Average	Average	Average	Average
Port v. Public Agencies % Difference	212.4%	-31.3%	283.9%	11.0%
Port v. Port Authorities % Difference	201.2%	-33.7%	161.3%	195.3%
Port v. Public Agencies # Days Difference	22.0	(6.7)	26.8	2.9
Port v. Port Authorities # Days Difference	21.6	(7.4)	22.4	19.4

7. Contract execution after negotiations and/or the notice of intent to award
(see Figure 22 and Appendix C – Acronyms and Definitions)
- a. Small works (+212% or +22 days v. public agencies and +201% or +22 days v. other port authorities)
 - b. Major works (-31% or -7 days v. public agencies and -34% or -7 days v. other port authorities)
 - c. Service/Consultant related procurements (+284% or +27 days v. public agencies and +161% or +22 days v. other port authorities)
 - d. Purchasing related procurements (+11% or +3 days v. public agencies and +195% or +19 days v. other port authorities)

Point of Focus 1: Are procurements and contracting practices managed and driven by clear and effective strategies?

Key Review notes: There is no formally stated procurement and contracting practices strategy. There is a published resolution and complete CPO policies and procedures. During the interviews with the members of the Port's CPO and RDRs, as well as senior management, the question posed was: What are the Port's procurement and contracting strategy?

Assessment: The Port does follow their stated policies and procedures; however, there is no formally published procurement and contracting practices strategy. Not

Review of the Port's Contracting Policies and Procedures

a single interviewee knew what the Port's formal procurements and contracting strategy is; however, 63% stated the Port follows one. 89% stated they thought the strategy is tied to compliance, control and/or risk management. Although 70% of the Port's departmental respondents indicated that the CPO's customer service performance is average or better (see Figure 23), only 1% stated that the Port's procurement strategy is focused on customer service/operational support.

Point of Focus 2: Are procurements and contracting practices aligned with the overall Port strategy and department strategies?

Key Review notes: As the Port does not have a published or well-known procurement and contracting strategy, the Review focused on whether the procurement practices are aligned with the departmental strategies. During the interviews with the members of the Port's CPO and RDRs, as well as senior management, the question was posed to them asking if the Port's procurement and contracting strategy/policies and procedures are aligned with the department's strategies.

Assessment: 68% of those interviewed stated that the CPO process is aligned with departmental strategies and nearly 70% of the Port's departmental respondents indicated that the CPO's focus on customer service is adequate or better.

Figure 23 - CPO's Customer Service Performance

Group	Very High	High	Average	Low	Poor
Port of Seattle - Total	8.9%	25.2%	41.5%	21.5%	3.0%
CPO	25.0%	43.8%	28.1%	3.1%	0.0%
All (less CPO)	3.9%	19.4%	45.6%	27.2%	3.9%
Aviation	3.6%	17.9%	50.0%	21.4%	7.1%
Capital Development (less CPO)	3.0%	15.2%	54.5%	24.2%	3.0%
Corporate	8.7%	26.1%	26.1%	39.1%	0.0%
Real Estate	0.0%	21.4%	50.0%	21.4%	7.1%
Seaport	0.0%	20.0%	40.0%	40.0%	0.0%

Point of Focus 3: Are procurement and contracting practices effective to attain sound contracts with qualified firms at fair and reasonable contract rates?

Key Review notes: Objective Point #2 addresses risk management and controls. Firms and consultants were surveyed in order to determine if their billing rates were set any higher than with their other public agency and large commercial customers.

Assessment: No significant issues were observed. 100% of the sampled contracts reviewed showed consistency in the T&Cs and were deemed adequate. The

Review of the Port's Contracting Policies and Procedures

majority of the RDRs and all of the CPO contract administrators/buyers indicate that they review business risks for every procurement.

Although no issues were noted with the number of fully responsive bidders/proposals (see figure 13), all of the CPO groups have an opportunity to advertise to a larger group of potential bidders through other procurement advertisement websites and broader direct advertising using the Port's vendor rosters. Many of the Port's interviews suggested that firms and consultants are resistant to doing work with the Port as it costs more and thus are resistant to competing. However, 97% of the POS solicitation respondents (those who have successfully completed and those that have not) state that they will continue to compete for opportunities at the Port and 89% stated that they check the Seattle Daily Journal of Commerce either daily or weekly.

Figure 13 – POS Solicitation Responses - # Bidders

Type	Average No. of Bidders/Proposals Rx	% of less than three bidders/Proposals Rx
MC	6.4	7.1%
SW	3.9	12.5%
PUR	3.8	50.0%
SA	8.1	18.6%

Nearly half of the surveyed/interviewed commercial companies believe that it does cost more to work with the Port (see figure 14) although 90% state that their billing rates are not inflated in order to work with the Port.

Figure 14 – POS Solicitation Responses – Costs & Billing Rates

Does it cost more to work with the POS than with other public entities?	Does it cost more to work with the POS than with publically held companies?	Are your billing rates (overhead and profit) higher on a POS contract than on contracts with other public entities?	Are your billing rates (overhead and profit) higher on a POS contract than on contracts with publically held companies?
Yes 46%	Yes 62%	Yes 13%	Yes 8%
No 54%	No 38%	No 88%	No 92%

Point of Focus 4: Are the CPO staffing levels and organizational structure appropriate for the size and complexity of Port operations and business requirements?

Key Review notes: During both the interview and survey phases of the Review, both the divisions and the CPO were asked whether they believe they have the proper organizational structure and size in order to meet their current demand and maintain the desired control, compliance, and customer service requirements.

Review of the Port's Contracting Policies and Procedures

Assessment: 73% of the CPO respondents/interviewees stated that the CPO's organizational structure and staffing levels are adequate (see figure 24). The Small Works and Major Works CPO teams believe that they may need to be staffed up if they become busier. Every team within the CPO department believes that they would be more efficient if they had a dedicated data entry administrator. The divisions show disparity with this question. Most see the long delays in the procurement process tied to not enough resources with the CPO. The majority of the divisional respondents interviewed indicate that they would like to have a dedicated contracts administrator or buyer matrixes into their division while maintaining a direct line of control to the CPO.

Figure 24 – CPO's Organizational Structure & Levels

Group	Adequate Organizational Structure and Staffing Levels	Inadequate Organizational Structure and Staffing Levels
Port of Seattle - Total	58.8%	41.2%
CPO	73.3%	26.7%
All (less CPO)	52.2%	47.8%
Aviation	42.1%	57.9%
Capital Development (less CPO)	64.0%	36.0%
Corporate	41.7%	58.3%
Real Estate	57.1%	42.9%
Seaport	50.0%	50.0%

Point of Focus 5: Does the Port follow best practices in delivery of procurements and contracting services?

Key Review notes: The Review determined what the top performing port authorities, public agencies, and large publically held companies best practices were being followed (see objective point 3) and then compared the Port's procurement practices and interview notes to them.

Assessment: The Port does follow the majority of the best practices identified by the top performing port authorities, public agencies, and large publically held companies.

The Port follows the following best practices:

- Key Performance Indicators
 - The Port does not use Key Performance Indicators (KPIs) in order to manage targets as used by the top quartile performers (port authorities, public agencies, and commercial companies).
 - The CPO utilizes their Transparent Pipeline in order to track the Procurement Cycle Time, which is the top KPI for Public Agencies.

Review of the Port's Contracting Policies and Procedures

- Total Procurement Process
 - Well-defined and detailed written policies, processes, and procedures compliant with federal, state, and local law - well defined time lines for differing types of requirements.
 - Service level agreements with defined expectations and goals.
 - Standardized contract templates, terms and conditions, and other forms.
 - Develop and implement cooperative procurement strategies.
 - P-Cards use.
 - Utilization of State contracts database for purchases.
 - Electronic solicitation and bidding with on-line vendor management.
 - Use of on call agreements and making procurement document templates consistent.
- Acquisition Planning Phase
 - Establish requirements with user departments, determine budgets, ensure funding, prepare non-restrictive scope of work, and specifications.
 - Conduct pre-advertisement meetings when appropriate.
- Request/Requisition Review Phase
 - Needs are clearly identified with clear and realistic timelines.
 - Thorough review of the scope of work and specifications to ensure non-restrictive and promote competition.
 - Reviewed for compliance, value, and transparency.
 - All procurements have a formal procurement checklist.
 - Maintain knowledge with relevant Terms and Conditions.
 - The Director of Procurement reviews large procurement projects.
- Solicitation/Advertisement Phase
 - Provide limits in page quantity for RFP/RFQ responses that reduces consultant preparation for response and evaluation team review.
 - Advertise in the local newspaper, minority websites, specialized publications, and journals.
 - Advertise on the internal website.
 - i. Bid documents posted on internal website for all registered suppliers to download.
 - ii. Send automatic email notifications of a bid in any NAICS category the vendor has registered for.
 - Send bid notifications to known potential bidders.
 - Directly contact firms that have registered through the internal Social Responsibility Department.
- Interview/Demonstration Phase
 - Standardized methods of interviews, evaluations, and demonstrations.
 - Central procurement provides guidance to the selection advisory committee.

Review of the Port's Contracting Policies and Procedures

- Short listed firms are given scripts prior to demonstrations/interviews.
- Pre-established questions, requirements and score sheets provided to firms and internal evaluation committee.
- Advertise the interview date in the solicitation so the proposers are aware of when they will be held.
- Require all evaluators to sign and disclose any potential conflict of interests.
- The procurement function provides the evaluation committee with rule of conduct during interviews.
- Bid Opening and Evaluation Phase
 - Standardized formal and informal bid opening procedures.
 - Evaluation for responsiveness by procurement officials first, then for acceptability using a facilitated review of the bid or proposal. Standardized Minimum Requirements Review is conducted for all submitted bids.
 - Provide an abstract at the conclusion of bid opening.
- Rate Negotiation Phase
 - Clear negotiation guidelines are issued.
 - Detailed scopes and hours to perform that work are requested.
 - Utilization of work breakdown structures to establish fair comparisons.
 - A cost-price analysis and rate negotiations are conducted concurrently with the negotiation hours and scope of work.
- Contract execution After the Notice of Intent to Award
 - Standardized review practice by user department, internal procurement office, internal attorney, and risk management.

Point of Focus 6: Are the procurements and contracting practices meeting Port department needs and the contracting community at large that do business with the Port?

Key Review notes: Interviews and surveys were conducted with the CPO and Requesting Department Representatives (RDRs) in order to determine if the CPO is meeting the needs of the Port's departments. Firms and consultants were surveyed in order to determine if their billing rates were set any higher than with their other public agency and large commercial customers and to see if they would continue to compete for business.

Assessment: Overall, the surveys, interviews, and contract reviews indicate that the procurement and contracting practices are meeting the needs of the Port's departments and contracting community.

Review of the Port's Contracting Policies and Procedures

68% of those interviewed stated that the CPO process is aligned with departmental strategies and nearly 70% of the Port's departmental respondents indicated that the CPO's focus on customer service is adequate or better.

Figure 23 - CPO's Customer Service Performance

Group	Very High	High	Average	Low	Poor
Port of Seattle - Total	8.9%	25.2%	41.5%	21.5%	3.0%
CPO	25.0%	43.8%	28.1%	3.1%	0.0%
All (less CPO)	3.9%	19.4%	45.6%	27.2%	3.9%
Aviation	3.6%	17.9%	50.0%	21.4%	7.1%
Capital Development (less CPO)	3.0%	15.2%	54.5%	24.2%	3.0%
Corporate	8.7%	26.1%	26.1%	39.1%	0.0%
Real Estate	0.0%	21.4%	50.0%	21.4%	7.1%
Seaport	0.0%	20.0%	40.0%	40.0%	0.0%

Although the majority of the interviewed RDRs have identified the process as too complex and confusing, 84% of the Port's non-CPO interviewees believes the CPO team is performing adequately or better (see Figure 2).

Figure 2 - CPO Performance

Group	Very High	High	Adequate	Low	Poor
Port of Seattle - Total	10.4%	41.5%	35.6%	8.9%	3.7%
CPO	24.2%	66.7%	6.1%	0.0%	3.0%
All (less CPO)	5.9%	33.3%	45.1%	11.8%	3.9%
Aviation	3.6%	35.7%	42.9%	14.3%	3.6%
Capital Development (less CPO)	12.9%	38.7%	41.9%	3.2%	3.2%
Corporate	4.3%	30.4%	43.5%	17.4%	4.3%
Real Estate	0.0%	28.6%	57.1%	14.3%	0.0%
Seaport	0.0%	20.0%	60.0%	0.0%	20.0%

Over half, (67%), of the POS stakeholders interviewed and surveyed believe the procurement process is efficient (average or better – see figure 3). Half or more than half of the Aviation, Seaport, and Real Estate divisional respondents rate the procurement efficiency as less than average. However, 84% of the departmental respondents, as well as the CPO, see the quality (on time and with few change orders – see figure 4) of the contracts as average or better.

The departmental interviews suggest that certain projects receive a higher priority and others may be delayed. There is frustration with the majority of the Port's RDRs that the process for the Cat II and III procurements are exactly the same and are not tailored to the needs of the individual departments.

Figure 3 - Procurement Efficiency

Group	Very High	High	Average	Low	Poor
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Review of the Port's Contracting Policies and Procedures

Port of Seattle - Total	3.1%	17.6%	46.6%	26.7%	6.1%
CPO	3.2%	38.7%	54.8%	3.2%	0.0%
All (less CPO)	3.0%	11.0%	44.0%	34.0%	8.0%
Aviation	3.8%	0.0%	38.5%	50.0%	7.7%
Capital Development (less CPO)	3.0%	12.1%	57.6%	24.2%	3.0%
Corporate	4.8%	23.8%	33.3%	33.3%	4.8%
Real Estate	0.0%	14.3%	35.7%	35.7%	14.3%
Seaport	0.0%	0.0%	50.0%	16.7%	33.3%

Based upon the contracts reviewed, there were no significant issues noted with change orders or significant delays beyond the stated expectation of contract kick-off. The Port's survey participants also indicate that the contracts are typically delivered on time with few change orders.

Figure 4 – Contract Quality

Group	Very high (100% on time procurement and no change orders required)	High (mostly on time procurement and few change orders required)	Average (above 50% on time procurement and/or some change orders required)	Below average (below 50% on time procurement and/or numerous change orders required)	Poor (0% on time procurement and/or always change orders required)
Port of Seattle - Total	4.4%	42.9%	36.3%	15.4%	1.1%
CPO	4.3%	60.9%	21.7%	8.7%	4.3%
All (less CPO)	4.4%	36.8%	41.2%	17.6%	0.0%
Aviation	0.0%	55.6%	33.3%	11.1%	0.0%
Capital Development (less CPO)	4.3%	26.1%	43.5%	26.1%	0.0%
Corporate	7.7%	38.5%	46.2%	7.7%	0.0%
Real Estate	10.0%	30.0%	40.0%	20.0%	0.0%
Seaport	0.0%	25.0%	50.0%	25.0%	0.0%

Nearly half of the surveyed/interviewed commercial companies believe that it does cost more to work with the Port (see figure 14) although 90% state that their billing rates are not inflated in order to work with the Port.

Figure 14 – POS Solicitation Responses – Costs & Billing Rates

Does it cost more to work with the POS than with other public entities?	Does it cost more to work with the POS than with publically held companies?	Are your billing rates (overhead and profit) higher on a POS contract than on contracts with other public entities?	Are your billing rates (overhead and profit) higher on a POS contract than on contracts with publically held companies?
Yes 46%	Yes 62%	Yes 13%	Yes 8%
No 54%	No 38%	No 88%	No 92%

97% of the POS solicitation respondents (those who have successfully completed and those that have not) state that they will continue to compete for opportunities at the Port.

Review of the Port's Contracting Policies and Procedures

Point of Focus 7: Are the procurements and contracting practices consistent with best practices of other governmental agencies (e.g., ports, transits, counties, and federal agencies)?

Key Review notes: The Review determined what the best practices were being used by the top performing port authorities, public agencies, and large publically held companies (see objective point 3) and then compared the Port's procurement practices and interview notes to them.

Assessment: The Port's procurements and contracting practices are consistent with best practices of other governmental agencies as stated in focus point 5.

The Port follows the following best practices:

- Key Performance Indicators
 - The Port does not use Key Performance Indicators (KPIs) in order to manage targets as used by the top quartile performers, port authorities, public agencies, and commercial companies.
 - The CPO utilizes their Transparent Pipeline in order to track the Procurement Cycle Time, which is the top KPI for Public Agencies.
- Total Procurement Process
 - Well-defined and detailed written policies, processes, and procedures compliant with federal, state, and local law - well defined time lines for differing types of requirements.
 - Service level agreements with defined expectations and goals.
 - Standardized contract templates, terms and conditions, and other forms.
 - P-Cards use.
 - Utilization of State contracts database for purchases
 - On-line vendor management.
 - Use of on call agreements and making procurement document templates consistent.
- Acquisition Planning Phase
 - Establish requirements with user departments, determine budgets, ensure funding, prepare non-restrictive scope of work, and specifications.
 - Conduct pre-advertisement meetings when appropriate.
- Request/Requisition Review Phase
 - Needs are clearly identified with clear and realistic timelines.
 - Thorough review of the scope of work and specifications to ensure non-restrictive and promote competition.
 - Reviewed for compliance, value, and transparency.
 - All procurements have a formal procurement checklist.
 - Maintain knowledge with relevant Terms and Conditions.

Review of the Port's Contracting Policies and Procedures

- Large procurement projects are reviewed by the Director of Procurement
- Solicitation/Advertisement Phase
 - Provide limits in page quantity for RFP/RFQ responses that reduces consultant preparation for response and evaluation team review.
 - Advertise in the local newspaper, minority websites, specialized publications, and journals.
 - Advertise on the internal website.
 - i. Bid documents posted on internal website for all registered suppliers to download.
 - ii. Send automatic email notifications of a bid in any NAICS category the vendor has registered for.
 - Send bid notifications to known potential bidders.
 - Directly contact firms that have registered through the internal Social Responsibility Department.
- Interview/Demonstration Phase
 - Standardized methods of interviews, evaluations, and demonstrations.
 - Central procurement provides guidance to the selection advisory committee.
 - Short listed firms are given scripts prior to demonstrations/interviews.
 - Pre-established questions, requirements and score sheets provided to firms and internal evaluation committee.
 - Advertise the interview date in the solicitation so the proposers are aware of when they will be held.
 - Require all evaluators to sign and disclose any potential conflict of interests.
 - The procurement function provides the evaluation committee with rule of conduct during interviews.
- Bid Opening and Evaluation Phase
 - Standardized formal and informal bid opening procedures.
 - Evaluation for responsiveness by procurement officials first, then for acceptability using a facilitated review of the bid or proposal. Standardized Minimum Requirements Review is conducted for all submitted bids.
 - Provide an abstract at the conclusion of bid opening.
- Rate Negotiation Phase
 - Clear negotiation guidelines are issued.
 - Detailed scopes and hours to perform that work are requested.
 - Utilization of work breakdown structures to establish fair comparisons.
 - A cost-price analysis and rate negotiations are conducted concurrently with the negotiation hours and scope of work.

Review of the Port's Contracting Policies and Procedures

- Contract execution After the Notice of Intent to Award
 - Standardized review practice by user department, internal procurement office, internal attorney, and risk management.

Point of Focus 8: Is technology leveraged effectively to deliver contracting services?

Key Review notes: During the Review of the Port's contracting and procurement practices, the Port's Procurement and Roster Management System (PRMS) was evaluated through interviews and surveys with the surveyed POS solicitation respondents. The Review also questioned the CPO and divisions if they believed the Port was effectively leveraging technology in order to deliver contracting services.

Assessment: The Port's Procurement and Roster Management System (PRMS) was determined to be valuable (see figure 25) and effective (see figure 26) as it pertains to the POS solicitation respondents.

Figure 25 – How Firms Search for POS Opportunities

Port of Seattle website (Procurement and Roster Management System (PRMS))	Seattle Daily Journal of Commerce	Direct advertisement from the Port of Seattle	Search engines
76.2%	52.4%	27.0%	6.3%

Figure 26 – PRMS User Interface

PRMS - User Interface - Easy to Use	PRMS - User Interface - Somewhat Difficult	PRMS - User Interface - Difficult
76.2%	52.4%	27.0%

69% of the CPO's contract administrators and buyers indicated that they believe technology is effectively leveraged in order to deliver procurement and contracting services whereas 53% of the divisions do (see figure 27).

Figure 27 – POS Leveraging Technology to Deliver Procurement and Contracting Services

Group	Yes	No
Port of Seattle - Total	57.8%	42.2%
CPO	68.8%	31.3%
All (less CPO)	52.9%	47.1%
Aviation	26.3%	73.7%
Capital Development (less CPO)	68.0%	32.0%
Corporate	64.3%	35.7%
Real Estate	50.0%	50.0%
Seaport	50.0%	50.0%

Review of the Port's Contracting Policies and Procedures

The interviews/surveys indicated some issues and frustrations with the current procurement and contracting platforms and processes:

- Multiple contract databases requiring multiple entries of the same information.
- Improving SharePoint usage and integration.
 - i. Each department has their own SharePoint directory and tends to store the same data in multiple locations.
 - ii. Some key decision emails and documents are not stored on SharePoint.
 - iii. Share RFP documents versus sending them through email.
- Outdated version of Internet explorer requires use of multiple browsers and causes issues when trying to access/download to Livelink.
- There is a requirement for wet signatures versus electronic authorizations. This requirement tends to slow down the procurement process.
- The PeopleSoft system was identified numerous times as being too rigid, not customized to the individual departments, terms incorrectly defined, poor naming conventions, and prone to poor data input.
- Navigating the Port's web page can be difficult. Examples:
 - i. URL: <http://www.portseattle.org/Pages/default.aspx>
 - 1. Most construction contracts reference the Port's standards for compliance. Starting at the referenced URL and then selecting "Construction Projects" can find a safety document. The safety document is at the lower right side of the page.
 - ii. URL: <http://www.portseattle.org/Business/Construction-Projects/Pages/default.aspx>
 - 1. To locate other standards including to capital and expense projects, the operator must click on the "Airport Tenants" box at the bottom of the URL: <http://www.portseattle.org/Business/Construction-Projects/Airport-Tenants/Pages/default.aspx>; then find "Looking for Design Standards & Permit Info?"

Point of Focus 9: Are the Port's contracting practices designed and applied consistently without wasteful inefficiency?

Key Review notes: In order to determine whether the contracting practices are designed and applied consistently without wasteful inefficiency, the Review evaluated the process versus other high performing port authorities, public agencies, and large commercial companies. The surveys and interviews directly queried the respondents on this question.

Review of the Port's Contracting Policies and Procedures

Assessment: Each of the contracts that were sampled, followed a very clear and consistent process. 93% of the surveyed POS solicitation respondents also indicated that the Port's contracts and procurement process is consistent.

Over half (67%) of the POS stakeholders interviewed and surveyed believe the procurement process is efficient (average or better – see figure 3). Half or more than half of the Aviation, Seaport, and Real Estate divisional respondents rate the procurement efficiency as less than average. However, 84% of the departmental respondents, as well as the CPO, see the quality (on time and with few change orders – see figure 4) of the contracts as average or better.

Figure 3 – Procurement Efficiency

Group	Very High	High	Average	Low	Poor
Port of Seattle - Total	3.1%	17.6%	46.6%	26.7%	6.1%
CPO	3.2%	38.7%	54.8%	3.2%	0.0%
All (less CPO)	3.0%	11.0%	44.0%	34.0%	8.0%
Aviation	3.8%	0.0%	38.5%	50.0%	7.7%
Capital Development (less CPO)	3.0%	12.1%	57.6%	24.2%	3.0%
Corporate	4.8%	23.8%	33.3%	33.3%	4.8%
Real Estate	0.0%	14.3%	35.7%	35.7%	14.3%
Seaport	0.0%	0.0%	50.0%	16.7%	33.3%

Based upon the contract reviews, there were no significant issues noted with change orders or significant delays beyond the stated expectation of contract kick-off. The Port's survey participants also indicate that the contracts are typically delivered on time with few change orders.

Figure 4 – Contract Quality

Group	Very high (100% on time procurement and no change orders required)	High (mostly on time procurement and few change orders required)	Average (above 50% on time procurement and/or some change orders required)	Below average (below 50% on time procurement and/or numerous change orders required)	Poor (0% on time procurement and/or always change orders required)
Port of Seattle - Total	4.4%	42.9%	36.3%	15.4%	1.1%
CPO	4.3%	60.9%	21.7%	8.7%	4.3%
All (less CPO)	4.4%	36.8%	41.2%	17.6%	0.0%
Aviation	0.0%	55.6%	33.3%	11.1%	0.0%
Capital Development (less CPO)	4.3%	26.1%	43.5%	26.1%	0.0%
Corporate	7.7%	38.5%	46.2%	7.7%	0.0%
Real Estate	10.0%	30.0%	40.0%	20.0%	0.0%
Seaport	0.0%	25.0%	50.0%	25.0%	0.0%

Review of the Port's Contracting Policies and Procedures

Nearly half of the surveyed/interviewed commercial companies believe that it does cost more to work with the Port (see figure 14) although 90% state that their billing rates are not inflated in order to work with the Port.

Possible areas of improvement were noted in the surveys and interviews:

- Multiple database management results in inefficiency and errors.
- Redundancy in procurement related required forms.
- CPO acting only in a manner of compliance during the late stages of the acquisition planning phase often times requires the RDRs to change the process and redo work in order to meet the CPO's requirements.
- Greater, more direct hands on involvement by the CPO would help clarify requirements and provide subject matter expertise where needed.
- Scheduling meetings with the required participants from the Requesting Departments during the various phases of procurement adds time and impacts the procurement timeline.
- Both the majority of the CPO and the RDRs view rosters as not valuable and inefficient.
- Procedures and forms should be customized to the needs of the individual departments.

Point of Focus 10: Is the Port capital projects delivery method aligned with the contracting practices?

Key Review notes: The Review sampled 10% of the Port's contracts valued at over 37% of the Port's total procured contract value since 2010.

Assessment: The Port's capital project deliver methods were consistently aligned with the Port's procurement and contracting practices.

Review of the Port's Contracting Policies and Procedures

Recommendations

- **Short-term recommendation (within one year):**
 - Through the Review's internal interview phase, many of the non-CPO interviewees did not understand the meaning of the Port's Delegation of Authority (EX-2). We recommend that the Port develop a practice to reinforce consistent application of authorizations, approvals, and segregation of duties in all procurement and contracting processes.
 - Clearly define the Port's contracting and procurement strategy.
 - Review and adjust practices in order to achieve strategic goals.
 - Provide mandatory RDR training as a prerequisite to initiating a procurement activity.
 - Review all required online procurement documents in order to ensure relevance.
 - Blueprint the departmental needs of the PeopleSoft users in order to align system capabilities with business needs.
 - Set realistic and stretch KPI goals based upon best practices and review with the departments and commission on a quarterly basis.
 - Conduct rate negotiation training and require a CPO certification of training for all assigned Port negotiators.

- **Mid-term recommendation (two – five years):**
 - In order to have consistency of procurement processes and greater efficiencies, assign CPO contract administrators and buyers for CAT I and CAT II procurements and designate CPO contract administrators to departments that infrequently use the Port's procurement process.
 - Develop a flowchart for both the internal and external POS stakeholders showing how the procurement process works and related procurement expectations.
 - Develop and implement a single contract's database in order to maintain data and reduce redundancy of data entry.

- **Long term recommendation (beyond five years):**
 - Create a Port Authority Contracts and Procurement Association whereas port authorities throughout the United States can share best practices, risk management controls, emerging technologies, procurement and contracting trends, and their metrics.

Review of the Port's Contracting Policies and Procedures

Management Response

CPO appreciates the work accomplished by Mobius in performing this efficiency review. The information gained during this review will be vital as we shape our future. We will be implementing a number of the recommendations within the next year or two.

CPO recognizes our role as business partner and that we are a customer service organization. We were established in 2008 to bring the Port into compliance with legal requirements and best practices. Many see our compliance role as a primary function. We have been on a journey in the last year or so to move our customers from thinking about us as a compliance organization to a business partner. We have more work to do.

CPO policies and procedures indicate that the procurement purpose is to meet the Port's needs in attaining quality products and services in a timely manner at reasonable prices while ensuring (a) consistent, fair competitive processes; (b) compliance with legal requirements and Port policies and procedures; and (c) efficiency and effectiveness of procurement process. See CPO-1, section 1.1 & CPO-5 Section 1.1.

In 2013, as part of strategic alignment CPO formalized its mission and visions statements. Our mission is to “partner with our customers to meet port business needs through excellence in procurement and contract services.” Our vision is to “attain cost effective results through efficient and effective processes within our legal parameters.” Our team members’ annual performance goals emphasize customer service, being a strong business partner, and improving procurement efficiency.

As part of Strategic Alignment we developed strategies and objectives and included them in our 2014 budget plan. A copy of the strategies and objectives are included at conclusion of this response. Based on interviews conducted by Mobius we have more work to do educating and reinforcing our strategic alignment within the Port. Successful procurement is dependent on a strong collaborative working relationship among CPO, our customers, and other important stakeholders. Together we impact the timeliness and quality of our procurement and contracts. We look forward to establishing Port-wide KPI goals and implementing process improvements. Although CPO has flowcharts and process guidelines, we can do better. We will reach out to the Process Improvement Project Manager and use Lean methodologies to develop more effective process diagrams and guidance documents. We are looking to develop an internal intake process for identifying process changes and determining which one we want to carry out. We will engage our customers and stakeholders in this process.

Review of the Port's Contracting Policies and Procedures

Procurement timeliness is a focus area for the Port and CPO has made changes over the last few years to try to make our process more expedient. Attached is a chart that shows the total procurement cycle time for the contracts sampled by Mobius, data gathered from public agencies and port authorities along with CDD Procurement Metrics. Our procurement time is improving over the POS sample set. We will use the information gained in this report and work with our customers and procurement stakeholders to make additional changes that will result in improved procurement cycle time.

Total Procurement Cycle Time (in days)

	2010 - 2014 POS Sampled Contracts (10%)	Public Agencies	Port Authorities	2013 POS CDD Metrics (100% - Transparent Pipeline)	Q1 2014 POS CDD Metrics (100% - Transparent Pipeline)
Small Public Works Procurements	82.6	40.0	49.4	56*	37*
Std Dev.	30.3	26.7	34.8	No Std Dev Provided	No Std Dev Provided
Major Public Works Procurements	131.7	117.3	127.0	78*	67*
Std Dev.	48.7	45.3	93.2	No Std Dev Provided	No Std Dev Provided
Service/Consultant Related Procurements	240.9	125.4	85.5	198.0	269
Std Dev.	130.5	40.5	73.1	No Std Dev Provided	No Std Dev Provided
Purchasing Procurements	145.5	58.1	52.1	82.0	49
Std Dev.	145.5	24.3	43.6	No Std Dev Provided	No Std Dev Provided

IMPLEMENT CENTURY AGENDA STRATEGIES

1. Balance Port interests to optimize and influence organizational outcomes.
 - (a) Align leadership, partners, team, and resources with strategic organizational needs.
 - (b) Structure our contractual relationships to optimize our results.

CONSISTENTLY LIVE BY OUR VALUES THROUGH OUR ACTIONS AND PRIORITIES

2. Explore new and innovative methodologies for achieving efficiency in process.
 - (a) Leverage experiences and knowledge to improve process and outcomes.
 - (b) Partner with public and private business to promote the Port and improve process and outcomes.

Review of the Port's Contracting Policies and Procedures

SUPPORT PORT MISSION WITH IMPLEMENTATION OF PORT DIVISIONS' BUSINESS PLANS

3. Position the Central procurement office as a high performing and valuable Port resource.

- (a) Foster team members' development.
- (b) Increase organizational and individual ownership and accountability.

Review of the Port's Contracting Policies and Procedures

Appendix A - Review Sample Contracts

A-0000269024 Airport Terminal Passenger Ramp
A-0000269248 Standoff Barges
A-0000270071 RMU/Kiosks for SeaTac Intl Airport
A-0000270184 Risk Management Information System
A-0000270195 Siemens Building Technologies, Duplex Sump Control Panels
A-0000271327 Automated Passport Control Kiosks
A-0000272093
A-0000272094 High Mast Area, Flood Lighting, and Lower Level LED Lighting
C-00317658 Genetec Omnicast Software Support
C-00317927 Airport Janitorial Services
MC-0316561 NER Phase 1 - Final Paving, Landscaping, & Reclamation
MC-0316677 Central Pre-Conditioned Air
MC-0316730 Bus Maintenance Facility
MC-0316771 T-18 North Harbor Islands Mooring Dolphins
MC-0316815 Noise Remedy Job Order Contract
MC-0316860 Comprehensive Storm water Management P/D (Adaptive Management)
MC-0316974 Pier 91 Fender System Upgrade
MC-0316998 8th Floor Weatherproofing Project
MC-0317091 Gate Improvements - Electrical Upgrade
MC-0317218 Terminal 117 Clean Up
MC-0317304 Delta Lobby/ATO United TKT/ATO RMM Abatement On-Call 2012
MC-0317359 Garage Emergency Lights Retrofit
MC-0317415 FT C15 HVAC Replacement Project
MC-0317433 T5 Maintenance Dredging 2012
MC-0317586 T-91 Tank Farm Clean Up
MC-0317798 C-60 C-61 BHS Modifications
P-00316163 REAL ESTATE SERVICES IDIQ
P-00316298 UNDERWATER DIVE SERVICES
P-00316327 AVENV LONG TERM MONITOR DMCRDF
P-00316400 CRANE INSPECTION SVCS
P-00316411 SEA ENV COMPLIANCE & MGMT
P-00316429 BENEFITS CONSULTANT SELF-INS
P-00316436 TICKET COUNTER CASEWORK
P-00316504 ICT-MSA- IT STAFFING
P-00316624 FIMS II DESIGN CASEWORK
P-00316638 PSGR LOADING BRIDGE DESIGN SVS
P-00316668 SEDIMENT SUPPORT - L.DUWAMISH
P-00316701 PROJ CONTROL SUPPORT SVCS IDIQ
P-00316763 CONSTRUCTION MNGT SVS IDIQ K#3
P-00316806 BHS DESIGN SERVICES IDIQ
P-00316827 WORKFORCE DVLPMNT SVCS CONTRACT
P-00316903 CONCESSIONS PLANNING & LEASING
P-00316910 REGULATED MATERIALS MNGT IDIQ
P-00316956 SAFETY IDIQ

Review of the Port's Contracting Policies and Procedures

P-00316958 Storm water IDIQ Solicitation
P-00317007 WATER MONITORING/TESTING SVS
P-00317035 REALESTATE DVLPMT SVCS
P-00317144 4550 ELECT MECH IDIQ SVCS
P-00317148 PEOPLESOFT FINAN SYS UPGRADE
P-00317205 STIA Environ & Maz Mat Field Support
P-00317315 CLAIMS ADMINISTRATION SERVICES
P-00317353 ROOFING SYSTEM Des Svcs IDIQ
P-00317408 Federal Govt Advocacy Services
P-00317417 Cleanup Oversight Services - Terminal 117
P-00317424 CAT3 GRAPHIC DESIGN SVCS
P-00317437 Buildings and Structures: Design & Engineering Support
P-00317516 Air Balancing Other HVAC Task
P-00317562 T46 Lease Improvements - Mach
P-00317579 Construction Management Services
P-00317636 Baggage Handling System Capitalization and Optimization
P-00317673 IT Services
P-00317740 IAF Program Management Svcs
S-00317794 Entertainment Services, Concessions Entertainment Program
S-00317859 Temporary Agency Services for Senior Level Accountant and Senior Financial Analyst Disciplines
S-00317868 Security Guard Svc at P66
SW-0316362 Small Roof Replacement and Roof Repair SW09-011
SW-0316884 Concrete/Asphalt Cutting On-Call Port wide Non-ACM
SW-0316901 Landscape Maintenance South Areas On-Call 2011
SW-0317207 General Construction On-Call Port wide 2012
SW-0317405 Chiller Repairs On-Call Airport 2012-2014
SW-0317467 Signage Maintenance On-Call STIA 2013
SW-0317733 Electrical On-Call Port wide 2013-4
SW-0317852 Electrical On-Call Port wide 2013-5

Review of the Port's Contracting Policies and Procedures

Appendix B – Review Survey/Interview Respondents

Port of Seattle Surveyed/Interviewed Employees			
Aidane, Abdessamad	Griffith, Susan	McMartin, Robert	Smith, Michael
Akiyama, Patricia	Grotheer, Wayne	McWilliams, Joseph	Soike, Natividad
Albert, K.	Guthrie, Marilyn	Meagher, Tanaya	Spangler, Patricia
Alvarado, Jessica	Hamel, Tamara	Mellen, Josefina	Styrck, L.
Alvarez, Cynthia	Harrell, A.	Meyer, Paul	Terwilliger, Garrett
Anderson, K.	Hemingway, Tina	Mims, Jennifer	Thomas, Dan
Anderson, Sean	Hennelly, Barry	Moldver, Aaron	Tomosada, Jamie
Arciniega, Sherry	Hill, Duane	Morrison, Elizabeth	Tong, Michael
Bean, Douglas	Hollingsworth, Jeff	Moses, Manette	Tonti, Selena
Bestwick, Carol	Hooper, Thomas	Nessel, Joseph	Trovesi, J.
Biddinger, John	Hovde, K.	O'Brien, Lauren	Tupper, Pamela
Bornhorst, Heather	Hoyman, Robert	Oliphant, Barbara	Tygesen, Allen
Brantley, Michelle	Huey, Nora	Olson, Adam	Vande Kamp, Mark
Bristol, Victoria	Hunter, Rebekah	Osborne, Bethany	Vouros, Gregory
Britz, Beth	Jarvi, Valarie	Palanca, Victor	Warren, Kenneth
Brown, S.	Jayne, Timothy	Peterson, Angela	Webb, Jeremy
Browning, Deborah	Jenkins, R.	Phair, Lisa	Weiss, Sherry
Burdette, K.	Joyce, Jessica	Pierce, Amy	Weitz, James
Carbajal, Jesus	Kay, Claudia	Poor, Geraldine	Whittaker, Delmas
Chan-Etquibal, Betty	King, Michele	Porter, Anne	Wickliff-Small, M
Clemetson, Christopher	Kipp, Jennifer	Powell, Paul	Willig, Elizabeth
Contreras, Jasmin	Kitano, Nancy	Pulsifer, L.	Wilson, C.
Darch, Bonnie	Kleiber, David	Rabbo, Hala	Witzman, James
DeMuro, Andrea	Knight, Brian	Rehm, Todd	Woodard, Tamela
Doubt, Kathy	Knowles, Erik	Reis, M.	Zachrisson, D.
Duffner, Robert	Kuhlman, M.	Richer, Gary	
Ensley, Garry	Kuiken, Tamra	Ridge, R.	
Erwin, Thomas	Kuroiwa, Roy	Rives, Dwight	
Etzkorn, Patricia	Lam, Yeuk Shan	Robbins, Donald	
Evans, Stan	Lane, Robert	Robinson, Rees	
Federow, Harold	Longridge, Mark	Rosmond, James	
Feigin, Joshua	Mach, Ticson	Royal, William	
Formisano, Jamie	Martin, Nicole	Rybolt, Steven	
Fujino, Shari	Maruska, Robert	Sadler, Krista	
Fulton, L.	Mathews, S.	Sante, Teresa	
Goedken, Charles	Maxwell, David	Schmidt, Steven	
Gonzales, Frank	Mayo, Sofia	Schramm, Diane	
Graves, Ralph	Mazzuca, Amanda	Sherwood, Christopher	
Greymond, Alley	McKendry, Tracy	Skaggs, Melanie	

Review of the Port's Contracting Policies and Procedures

Surveyed/Interviewed Commercial Companies	
AECOM	Owen Richards Architects (ORA)
Airport Concessions Consulting Services	PCS Structural Solutions
Apex Systems, Inc.	PEC
Appraisal Group of the Northwest, LLP	PELLCO Construction, Inc
BergerABAM	Plantscapes, Inc.
Burns & McDonnell	Regency NW Construction, Inc
Burton Construction Inc.	Roth Consulting
Compunnel Software Group, Inc.	S.M. Stemper Architects
Conestoga-Rovers and Associates	ServerLogic
Construction Group International	Sierra Systems US, Inc.
Del-Mar Concrete Cutting	Sixkiller Consulting, LLC
Design Air, Ltd.	SMI
DH Environmental, Inc.	Swanson Rink
Evergreen Fire and Security	Total Creative, Inc. dba TCi Design + Branding
Foy Group	TripleNet Technologies, Inc.
Glumac	TWO NINE SIGNS
Grette Associates	URS Corporation
Harbor Pacific Contractors	Van Ness Feldman
Harris Group Inc.	Vancouver Airport Authority
Harris Group Inc.	WHH Nisqually Federal Services
Hart Crowser, Inc.	Witt O'Brien's
HDR	WSP
Heartland, LLC	
Kennedy/Jenks Consultants	
Kiewit Infrastructure West Co.	
KolKay Electric	
Landau Associates	
Lawhead Architects PS	
LeighFisher	
Long Bay Enterprises Inc.	
Lydig Construction	
MacDonald-Miller Facility Solutions	
MacDonald-Miller Facility Solutions	
MACRO.CCS, Inc.	
Magnus Pacific Corporation	
McBee Strategic	
MidMountain Contractors, Inc.	
National Sign Corporation	
Neumeric Technologies Corporation	

Review of the Port's Contracting Policies and Procedures

Port Authority	Public Agency
Alabama State Port Authority - Authority Self-Reported Revenue \$150M (100% Complete)	USDA National Finance Center - Authority Self-Reported Revenue \$138M (100% Complete)
Diamond State Port Corporation - Authority Self-Reported Revenue \$32M (100% Complete)	City of Bellingham (100% Complete)
Greater Baton Rouge Port Commission - Authority Self-Reported Revenue \$7M (100% Complete)	City of Boise - Authority Self-Reported Revenue \$400M (100% Complete)
Humboldt Bay Harbor, Recreation & Conservation District - Authority Self-Reported Revenue \$2.1M	City of Chandler
Jacksonville Port Authority (100% Complete)	City of Cincinnati - Authority Self-Reported Revenue \$1.2B
Maine Port Authority - Authority Self-Reported Revenue \$1.4M	City of Kennebec (100% Complete)
MS State Port Authority at Gulfport - Authority Self-Reported Revenue \$84M (100% Complete)	City of Lincoln, NE - Authority Self-Reported Revenue \$300M (100% Complete)
North Carolina State Ports Authority - Authority Self-Reported Revenue \$40M (100% Complete)	City of Los Angeles - Authority Self-Reported Revenue \$8B
Panama City Port Authority - Authority Self-Reported Revenue \$13M (100% Complete)	City of Montgomery, Alabama
Philadelphia Regional Port - Authority Self-Reported Revenue \$9.3M (100% Complete)	City of Richland - Authority Self-Reported Revenue \$196M (100% Complete)
Port Everglades, Broward County, Florida - Authority Self-Reported Revenue \$143M (100% Complete)	City of Riverside - Authority Self-Reported Revenue \$1B
Port of Anacortes - Authority Self-Reported Revenue \$14M (100% Complete)	City of Sacramento (100% Complete)
Port of Coos Bay	City of San Antonio (Texas) (100% Complete)
Port of Everett (100% Complete)	City of Santa Rosa - Authority Self-Reported Revenue \$150M (100% Complete)
Port of Hueneme - Authority Self-Reported Revenue \$13M (100% Complete)	City of Tacoma (100% Complete)
Port of Longview - Authority Self-Reported Revenue \$32M (100% Complete)	County of San Diego - Authority Self-Reported Revenue \$5B
Port of Los Angeles	County of Ventura
Port of Oakland - Authority Self-Reported Revenue \$402M (100% Complete)	King County - Authority Self-Reported Revenue \$676.6M (100% Complete)
Port of Olympia - Authority Self-Reported Revenue \$12.5M (100% Complete)	Municipality of Anchorage - Authority Self-Reported Revenue \$471.3M
Port of Palm Beach District - Authority Self-Reported Revenue \$16M	Oregon Department of Transportation - Authority Self-Reported Revenue \$200M (100% Complete)
Port of San Francisco - Self-Reported Revenue \$84M	Travis County- Authority Self-Reported Expenditures \$600M
Port of South Louisiana - Authority Self-Reported Revenue \$11.5M (100% Complete)	
Port of Tacoma - Authority Self-Reported Revenue \$125.3M	
Port of Vancouver USA - Authority Self-Reported Revenue \$32M (100% Complete)	
San Diego Unified Port District - Authority Self-Reported Revenue \$144.6M (100% Complete)	
St. Bernard Port Harbor and Terminal District - Authority Self-Reported Revenue \$9.4M (100% Complete)	
Toledo Port Authority - Authority Self-Reported Revenue \$12.6M (100% Complete)	

Note: (100% Complete) indicates that the respondent answered all questions from the survey and/or interview.

Appendix C – Acronyms and Definitions

Acronyms

CPO – Port of Seattle Central Procurement Office
DPM – Defects per Million
FAR – Federal Acquisition Regulation
IAW – In Accordance With
ICT – Information and Communication Technology
KPI – Key Performance Indicator
MC – Major Construction – Major Public Works Procurements
MINT – Port's Rate Negotiation Tool
NAICS – North American Industry Classification System
NIGP – National Institute of Government Purchasing
OSR – Office of Social Responsibility
P-Card – Purchasing Card
Port – Port of Seattle
POS – Port of Seattle
PRMS – Port's Procurement and Roster Management System
PUR – Purchasing
RCW – Revised Code of Washington (state law)
RDR – Requesting Department Representative
RFI – Request for Information
RFP – Request for Proposal
RFQ – Request for Quotation
SA – Service Agreement – Service/Consultant Related Procurements
SAO – State Auditors Office
SLA – Service Level Agreement
SME – Subject Matter Expert
SOS – Scope of Services
SOW – Scope of Work
SOX – Sarbanes Oxley ACT
Std Deviation – Standard Deviation
SW – Small Works – Small Public Works Procurements
T&C – Terms and Conditions
URL – Uniform Resource Locator
WEBS – Washington's Electronic Business Solution

Review of the Port's Contracting Policies and Procedures

Procurement Process Phase Definitions

Acquisition Planning Phase – The period of time prior to the Request/Requisition Review Phase by which the efforts of all Port personnel responsible for an acquisition are coordinated and integrated through a comprehensive planning, analysis, and/or design in order to develop a strategic plan to accomplish a project and/or meet contracting needs in a timely manner and at a reasonable cost.

Request/Requisition Review Phase – The period of time taken to adequately review the requisition support documentation (pre-advertisement/pre-solicitation release).

Solicitation/Advertisement Phase – The period of time taken to adequately attract interest from qualified firms/consultants and respond to a solicitation.

Interview/Demonstration Phase – If applicable, the period of time taken to conduct interviews and/or participate in product and/or service demonstrations from interested firms/consultants that are responding to a solicitation.

Bid Opening and Evaluation Phase – The period of time taken to open bids and/or evaluate proposals/responses to a solicitation and issue a Notice of Intent to Award.

Rate Negotiation Phase – If applicable, the period of time taken to conduct rate negotiations on proposed services from a firm or consultant.

Contract Execution After the Notice of Intent to Award – The period of time after negotiations have been completed and/or the notice of intent to award is given to the time when a contract is fully accepted and authorized.

Review of the Port's Contracting Policies and Procedures

Other Definitions

Adequate – Good enough, although not necessarily the most or the best; sufficient. Meets performance metric within agreed upon levels of expectation between 40% - 60% of the time.

Aviation – A division within the Port of Seattle.

Average (performance measure – not numerical) – Meets performance metric within agreed upon levels of expectation between 40% - 60% of the time.

Benchmark – Standard, or a set of standards, used as a point of reference for evaluating performance or level of quality. Benchmarks may be drawn from a firm's own experience, from the experience of other firms in the industry, or from legal requirements such as environmental regulations.

Best Practice – A method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.

Capital Development – A division within the Port of Seattle.

Corporate – A division within the Port of Seattle.

CPO – Central Procurement Office works within the Port's Capital Development Division.

Efficient (performance measure) – Works well and quickly. Exceeds performance metric within agreed upon levels of expectation more than 60% of the time.

High – Exceeds performance metric within agreed upon levels of expectation more than 60% of the time.

Low – Does not achieve performance metric within agreed upon levels of expectation more than 40% of the time.

Non-CPO Interviewees – Survey and interview respondents that do not work with the CPO.

Norm – Generally accepted practice or performance metric.

Poor – Not accomplishing a task well. Does not achieve performance metric within agreed upon levels of expectation more than 90% of the time.

Real Estate – A division within the Port of Seattle.

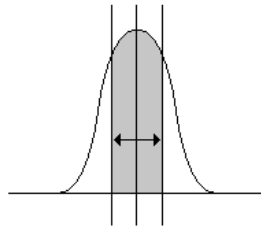
Seaport – A division within the Port of Seattle.

Review of the Port's Contracting Policies and Procedures

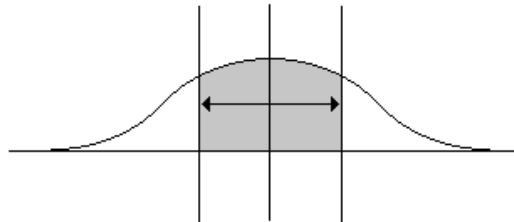
Significant – Exceeds performance metric within agreed upon levels of expectation more than 60% of the time.

Standard Deviation – is a number used to tell how measurements for a group are spread out from the average (mean), or expected value. Standard deviation measures the spread of individual results around a mean of all the results.

A low/small standard deviation means that most of the numbers are very close to the average.



A high/large standard deviation means that the numbers are spread out.



At its most basic level, a standard deviation is a number that tells you how similar a set of numbers is.

Too much – Exceeds performance metric within agreed upon levels of expectation more than 90% of the time and is thought to impede performance.

Top Performing – These organizations' procurement structure and process are typically well controlled, efficient, and typically use procurement benchmarking data, best practice models, and practical tools specifically designed to support the organization's strategy, objectives, and actions.

Very High – Exceeds performance metric within agreed upon levels of expectation more than 90% of the time.

Well Managed – Denotes strong controls in all key areas (at least one of the first two criteria needs to be met and the third criterion needs to be met): Well managed, no material weaknesses noted; Well managed, but minor improvements are needed; Effective and sustainable. Does not include the speed or efficiency of the procurement cycle time.

Review of the Port's Contracting Policies and Procedures

Appendix D – Review Criteria

Review Criteria	Data Source	Metric (target)
<i>Assess whether the established processes, procedures, and management controls are efficient, economical, and result in an effective way to provide procurements and contracting services.</i>		
Acquisition planning phase	Internal POS Surveys/Interviews	Adequate
Bid opening and evaluation phase	Internal POS Surveys/Interviews	Adequate
Contract execution after the notice of intent to award	Internal POS Surveys/Interviews	Adequate
Interview/demonstration	Internal POS Surveys/Interviews	Adequate
Rate negotiation phase (consultants)	Internal POS Surveys/Interviews	Adequate
Request/requisition review phase	Internal POS Surveys/Interviews	Adequate
Solicitation/advertisement	Internal POS Surveys/Interviews	Adequate
Control over the contracts and procurement process	Contract Review - Internal POS Surveys/Interviews	No findings -Adequate
Current level of performance by the contracts and procurement team	Contract Review - Internal POS Surveys/Interviews	Adequate
Quality of the Port's contracts? - Average (above 50% on time procurement and/or some change orders required)	Contract Review - Internal POS Surveys/Interviews	Average
POS purchasing efficiency	Internal POS Surveys/Interviews	Average
POS solicitations adequately marketed to firms and consultants	POS Solicitation Respondents	75%+ through PRMS of SDJ
<i>Acknowledge risk and evaluate risk management practices to ensure the Port enters into sound contracts with qualified firms at fair and reasonable contract rates.</i>		
Business risks are reviewed for each procurement	POS interviews/surveys	No findings & 90%+ yes
Bonding requirements set to manage risk to the POS at reasonable rates	Contract Review - Internal POS Surveys/Interviews - Interview/surveys with POS solicitation respondents	No findings -Normal to additional firm costs - Billing rates within 75% of standard billing rates to others
Insurance requirements set to manage risk to the POS at reasonable rates	Contract Review - Internal POS Surveys/Interviews - Interview/surveys with POS solicitation respondents	No findings -Normal to additional firm costs - Billing rates within 75% of standard billing rates to others

Review of the Port's Contracting Policies and Procedures

Port's business risk based upon the contracts and procurement process	Contract Review - Internal POS Surveys/Interviews - Interview/surveys with POS solicitation respondents	No findings -Average/Low
Safety and security requirements set to manage risk to the POS at reasonable rates	Contract Review - Internal POS Surveys/Interviews - Interview/surveys with POS solicitation respondents	No findings -Normal to additional firm costs - Billing rates within 75% of standard billing rates to others
Terms and Conditions set to manage risk to the POS at reasonable rates	Contract Review - Internal POS Surveys/Interviews - Interview/surveys with POS solicitation respondents	No findings -Normal to additional firm costs - Billing rates within 75% of standard billing rates to others
Solicitations and advertisement phase is adequately attracting enough attention	Contract Review - POS interviews/surveys	3+ competitors / POS departments rating "yes" 75%+
Firms and consultants are billing at their standard rates	POS Solicitation Respondents	75%+ billing at standard rates
<i>Identify and evaluate best practices in government procurement for delivering procurements and contracting services.</i>		
Port's business risk based upon the contracts and procurement process	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Quality of the Port's contracts? - Average (above 50% on time procurement and/or some change orders required)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
POS is focused on compliance, transparency, operational support, and customer service in a balanced manner.	Interviews/Surveys with Port Authorities and public agencies / POS interviews/surveys	Within top quartile of results
Acquisition planning phase	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results

Review of the Port's Contracting Policies and Procedures

Bid opening and evaluation phase	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results
Contract execution after the notice of intent to award	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results
Interview/demonstration	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results
Rate negotiation phase (consultants)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results
Request/requisition phase	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results
Solicitation/advertisement	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies	Within top quartile of results
Best practices used by Port Authorities, Public Agencies, and large publically held companies that have a satisfactory or better audit and are in the top quartile of performance (milestone achievement)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Contract Administrators focus on customer service	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Contract Administrators knowledge of supply and service market?	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results

Review of the Port's Contracting Policies and Procedures

Current level of performance by the contracts and procurement team	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Flexibility with the contracts and procurement process	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
KPIs used by Port Authorities, Public Agencies, and large publically held companies that have a satisfactory or better audit and are in the top quartile of performance (milestone achievement)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Performance of key stakeholders in the contracts and procurement function (excluding contract administrators)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Value of the contracts and procurement organization from the contractor/consultant community?	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results
Benchmark Port procurement practices with other government agencies best practices, including applicable private sector practices and the Federal Acquisition Regulation (FAR).		
Acquisition planning phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Bid opening and evaluation phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Contract execution after the notice of intent to award (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS	Satisfactory + procurement and contracts audit & top quartile results

Review of the Port's Contracting Policies and Procedures

	interviews/surveys	
Interview/demonstration (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Rate negotiation phase (SA)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Request/requisition phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Solicitation/advertisement (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Total acquisition time (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
<i>Are procurements and contracting practices managed and driven by clear and effective strategies?</i>		
Procurements and contracting practices managed by clear and effective strategies	Internal POS Surveys/Interviews	CPO - 90%+ consistent understanding of the strategy
Procurements and contracting practices managed by clear and effective strategies	Internal POS Surveys/Interviews	POS RDRs - 75%+ consistent understanding of the strategy
<i>Are procurements and contracting practices aligned with the overall Port strategy and department strategies?</i>		
The POS key stakeholders have a clear understanding of the procurement process	Internal POS interviews	75%+
Internal POS departments find the CPO processes valuable to the Port and their individual departments	Internal POS Surveys/Interviews	90%+ Valuable rating

Review of the Port's Contracting Policies and Procedures

<i>Are procurement and contracting practices effective to attain sound contracts with qualified firms at fair and reasonable contract rates?</i>		
Solicitations and advertisement phase is adequately attracting enough attention	Contract Review - POS interviews/surveys	3+ competitors / POS departments rating "yes" 75%+
Firms and consultants are billing at their standard rates	POS Solicitation Respondents	90%+ billing at standard rates
<i>Are the CPO staffing levels and organizational structure appropriate for the size and complexity of Port operations and business requirements?</i>		
Adequate CPO staffing level - CPO perspective	Internal POS Surveys/Interviews	75%+
Adequate CPO staffing level - POS by divisional perspective	Internal POS Surveys/Interviews	75%+
Internal POS departments find the CPO processes valuable to the Port and their individual departments	Internal POS Surveys/Interviews	90%+ Valuable rating
<i>Does the Port follow best practices in delivery of procurements and contracting services?</i>		
Acquisition planning phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Bid opening and evaluation phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Contract execution after the notice of intent to award (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Interview/demonstration (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Port's business risk based upon the contracts and procurement process	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results

Review of the Port's Contracting Policies and Procedures

Rate negotiation phase (SA)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Request/requisition phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Solicitation/advertisement (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Total acquisition time (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Satisfactory + procurement and contracts audit & top quartile results
Solicitations and advertisement phase is adequately attracting enough attention	Contract Review - POS interviews/surveys	3+ competitors / POS departments rating "yes" 75%+
Internal POS departments find the CPO processes valuable to the Port and their individual departments	Internal POS Surveys/Interviews	90%+ Valuable rating
Port's procurement KPIs are consistent with those used by Port Authorities, Public Agencies, and large publically held companies that have a satisfactory or better audit and are in the top quartile of performance (milestone achievement)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Compare and contrast
Quality of the Port's contracts? - Average (above 50% on time procurement and/or some change orders required)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Within top quartile of results

Review of the Port's Contracting Policies and Procedures

Are the procurements and contracting practices meeting Port department needs and the contracting community at large, that do business with the Port?		
Port's business risk based upon the contracts and procurement process	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Average/Low
Quality of the Port's contracts? - Average (above 50% on time procurement and/or some change orders required)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Average
Solicitations and advertisement phase is adequately attracting enough attention	Contract Review - POS interviews/surveys	3+ competitors / POS departments rating "yes" 75%+
The Port's contracts and procurement process are flexible enough to meet the needs of the departments and contracting community (processes are the same but resources in place to handle change)	Internal POS Surveys/Interviews	75% + rating
Bonding requirements are not seen as a significant obstacle to do business with the Port	Interview/surveys with POS solicitation respondents	Less than 50% seen as barrier v. other public agencies
Cost incurred to do business with the Port	Interview/surveys with POS solicitation respondents	Less than 50% indicate that it costs more v. other public agencies
Insurance requirements are not seen as a significant obstacle to do business with the Port	Interview/surveys with POS solicitation respondents	Less than 50% seen as barrier v. other public agencies
Port notifies the competing firms and consultants of evaluation results in a reasonable timeframe	Interview/surveys with POS solicitation respondents	75%+
POS interview/demonstration phase valued by firms and consultants	Interview/surveys with POS solicitation respondents	Valuable 75%+
Previous POS solicitation respondents will continue to compete for the Port's business	Interview/surveys with POS solicitation respondents	90%+
Terms and Conditions are not seen as a significant obstacle to do business with the Port	Interview/surveys with POS solicitation respondents	Less than 50% seen as barrier v. other public agencies
CPO is responsive to departmental needs	POS interviews	75%+
Firm's ability to find business opportunities with the POS	POS solicitation respondent survey	90%+ finding POS opportunities using POS advertisement methods

Review of the Port's Contracting Policies and Procedures

Firm's ability to meet the POS' Terms and Conditions	POS solicitation respondent survey	About the same with other public agencies or better
POS procurement process adequately focused on operational support and customer service	POS surveys/Interviews	50% +
<i>Are the procurements and contracting practices consistent with best practices of other governmental agencies (e.g., ports, transits, counties, and federal agencies)?</i>		
Acquisition planning phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Bid opening and evaluation phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Contract execution after the notice of intent to award (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Interview/demonstration (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Rate negotiation phase (SA)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Request/requisition phase (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices

Review of the Port's Contracting Policies and Procedures

Solicitation/advertisement (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Total acquisition time (MC, SW, SA, Pur)	Contract Review - Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
Best practices used by Port Authorities, Public Agencies, and large publically held companies that have a satisfactory or better audit and are in the top quartile of performance (milestone achievement)	Interviews/Surveys with Port Authorities, large publically held companies, and public agencies / POS interviews/surveys	Port achieving 50%+ of best practices
<i>Is technology leveraged effectively to deliver contracting services?</i>		
IT leveraged effectively in order to deliver contracting services	Internal POS Interviews	Internal POS Yes 75%+
Technology leveraged effectively to deliver procurement and contracting services	Internal POS Surveys/Interviews	Internal POS Yes 75%+
Firm's use of POS Procurement and Roster Management System (PRMS)	POS solicitation respondent survey	Respondents using PRMS 75%+
POS Procurement and Management System (PRMS) ease of use	POS solicitation respondent survey	"Easy to use" 75%+
<i>Are the Port's contracting practices designed and applied consistently without wasteful inefficiency?</i>		
Consistent approach to the CPO process	Contract review	yes 80%+
Port has a consistent approach to procurement and contract administration	Interview/surveys with POS solicitation respondents	yes 75%+
CPO process applied without significant wasteful inefficiency	Interviews	yes 75%+
<i>Is the Port capital projects delivery method aligned with the contracting practices?</i>		
POS capital project delivery method aligned with POS contracting practices	Contract review	No findings