



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4a

ACTION ITEM

Date of Meeting November 14, 2017

DATE: November 1, 2017
TO: Dave Soike, Interim Chief Executive Officer
FROM: Duane Hill, AFR Senior Manager Disbursements
SUBJECT: Claims and Obligations October 2017

ACTION REQUESTED

Request Port Commission approval of the Port Auditor’s payment of the salaries and claims of the Port pursuant to RCW 42.24.180 for payments issued during the period October 1, 2017 through October 31, 2017 as follows:

| Payment Type | Payment Reference Start Number | Reference End Number | Amount |
|---------------------------------|---------------------------------------|-----------------------------|-------------------------|
| Accounts Payable Checks | 919948 | 920484 | \$ 6,597,482.39 |
| Accounts Payable ACH | 002929 | 003623 | \$ 55,741,559.04 |
| Accounts Payable Wire Transfers | 014735 | 014772 | \$ 11,779,562.08 |
| Payroll Checks | 187656 | 187934 | \$ 297,580.64 |
| Payroll ACH | 826363 | 830346 | \$ 9,212,284.42 |
| Total Payments | | | \$ 83,628,468.57 |

JUSTIFICATION

Pursuant to RCW 42.24.180, “the Port’s legislative body” (the Commission) is required to approve in a public meeting, all payments of claims within one month of issuance.

OVERSIGHT

All of these payments have been previously authorized either through direct Commission action or delegation of authority to the CEO and through his or her staff. Detailed information on Port expenditures is provided to the Commission through comprehensive budget presentations as well as the publicly released Budget Document, which provides an even greater level of detail. The Port’s operating and capital budget is approved by resolution in November for the coming fiscal year, and the Commission also approves the Salary and Benefit Resolution around the same time to authorize pay and benefit programs. Notwithstanding the Port’s budget approval, individual capital projects and contracts exceeding certain dollar thresholds are also subsequently brought before the Commission for specific authorization prior to commencement of the project or contract—if they are below the thresholds the CEO is delegated authority to approve them. Expenditures are monitored against budgets on a monthly basis by management and reported comprehensively to the Commission quarterly.

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Effective internal controls over all Port procurement, contracting and disbursements are also in place to ensure proper central oversight, delegation of authority, separation of duties, payment approval and documentation, and signed perjury statement certifications for all payments. Port disbursements are also regularly monitored against spending authorizations. All payment transactions and internal controls are subject to periodic Port internal audits and annual external audits conducted by both the State Auditor’s Office and the Port’s independent auditors.

For the month of October 2017, \$74 million in accounts payable payments were made to 777 vendors/contractors, comprised of 2,995 vouchers and 10,324 accounting expense transactions. About 80 percent of the accounts payable payments made in the month fall into the Construction, Employee Benefits, Contracted Services, Leasehold Taxes, Payroll Taxes, Utility Expenses and NWSA Construction expense categories. The following chart summarizes the top 15 expense categories by total spend.

| | |
|---------------------------|-------------------------|
| Construction | \$ 36,546,203.00 |
| Employee Benefits | \$ 8,972,134.05 |
| Contracted Services | \$ 6,075,852.97 |
| Leasehold Taxes | \$ 4,522,837.98 |
| Payroll Taxes | \$ 3,937,930.22 |
| Utility Expenses | \$ 2,408,339.02 |
| NWSA Construction Costs | \$ 2,235,487.93 |
| Janitorial Services | \$ 1,263,374.39 |
| Sales Taxes | \$ 1,209,268.63 |
| Environmental Remediation | \$ 1,174,886.70 |
| Insurance | \$ 981,182.97 |
| Software | \$ 565,864.51 |
| Parking Taxes | \$ 555,577.15 |
| Bond Fees | \$ 459,355.49 |
| Miscellaneous Expense | \$ 376,610.91 |
| Other Categories Total | \$ 2,833,697.59 |
| Port Net Payroll | \$ 9,509,865.06 |
| Total | \$ 83,628,468.57 |

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Appropriate and effective internal controls are in place to ensure that the above obligations were processed in accordance with Port of Seattle procurement/payment policies and delegation of authority.



Debbi Browning/Port Auditor

At a meeting of the Port Commission held on November 14, 2017, it is hereby moved that, pursuant to RCW 42.24.180, the Port Commission approves the Port Auditor’s payment of the above salaries and claims of the Port:

Port Commission