

Capital Development Division 2010 Preliminary Budget Presentation to Commission

October 8, 2009

Mission

The Capital Development Division (CDD) delivers projects and provides technical and contracting services in support of the business plans and infrastructure needs of the Port of Seattle.

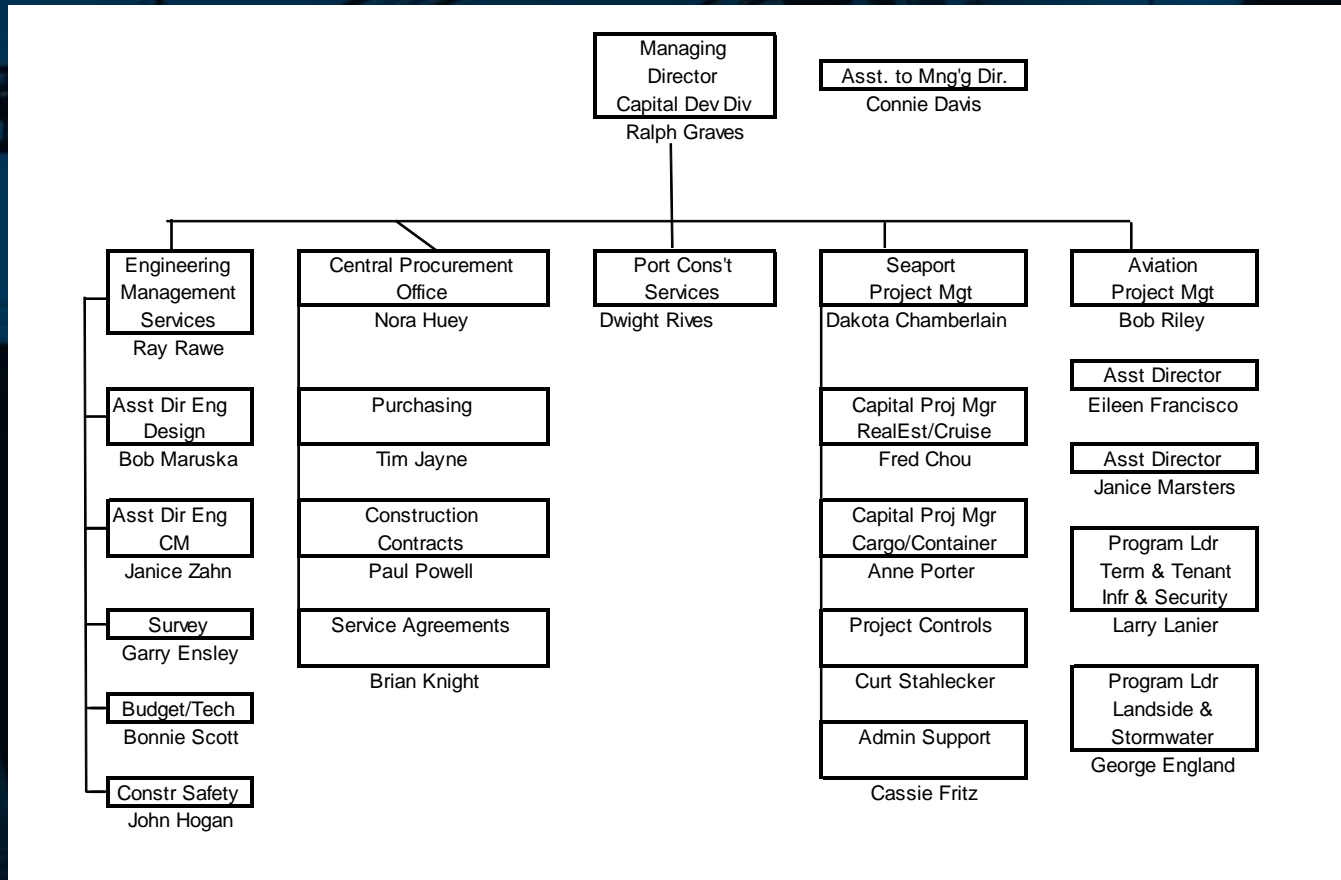
Priorities for 2010

- Continue the full implementation of the changes resulting from recent audits and new Port Policies, anticipating a return visit from the State Audit Office in 2011.
- Begin operation of the new Enterprise-wide Project Delivery (EPDS) system.
- Prioritize accomplishment of critical CIP projects.
- Measure department performance according to the Capital Development Division performance metrics.
- Complete the high priority Capital Development Division Initiatives.

Key Budget Assumptions

- Budget built to projects and workload.
- Conversion of consultant performance to in-house continues.
- CPO vacancies filled.

Organization Chart



Org Expenses By Group

	2008	2009	2010	2010	'10 Bud to '10 Target	
	Actual	App. Budget	Budget	Target	\$	%
Capital Development Admin	93,309	554,217	389,915	526,506	136,591	25.9%
Engineering	1,253,396	1,351,260	1,406,149	1,283,697	(122,452)	-9.5%
Port Construction Service	1,965,496	1,449,265	1,632,152	1,376,802	(255,350)	-18.5%
Central Procurement Office	1,313,019	1,494,027	2,278,125	1,419,326	(858,799)	-60.5%
Aviation Project Management	861,485	761,200	1,449,554	723,140	(726,414)	-100.5%
Seaport Project Management	798,948	1,400,044	754,201	1,330,042	575,841	43.3%
Total Expense	6,285,651	7,010,014	7,910,095	6,659,513	(1,250,582)	-18.8%

Baseline Budget Analysis

	2009 Total Costs bef Cap & Trfs	Net 2009 App. Budget	2009 One Time Expense	2009 Baseline	2010 Total Costs bef Cap & Trfs	Net 2010 Budget	2010 One Time Expense	2010 Baseline	2010 (5%) Target based on 2009 Baseline Budget	'10 Bud to '10 Baseline Target Change	%
Engineering	3	-								-	0.0%
PCS	7,406	-								-	0.0%
Total Rev	7,409	-								-	0.0%
CD Admin	553,917	554,217	-	554,217	389,615	389,915	-	389,915	526,506	136,591	25.9%
Engineering	13,001,690	1,351,260	(255,000)	1,096,260	13,811,998	1,406,149	(399,791)	1,006,358	1,041,447	35,089	3.4%
PCS	7,175,429	1,449,265		1,449,265	6,859,942	1,632,152	(200,000)	1,232,152	1,376,802	144,650	10.5%
CPO	3,662,700	1,494,027	-	1,494,027	4,255,425	2,278,125	(85,000)	2,193,125	1,419,326	(773,799)	-54.5%
Avn PMG	6,824,293	761,200	(50,000)	711,200	6,455,038	1,449,554	(838,528)	611,026	675,640	64,614	9.6%
Sea PMG	3,367,157	1,400,044	(690,000)	710,044	2,722,317	754,201	(236,164)	518,037	674,542	156,505	23.2%
Total Exp	34,585,186	7,010,014	(995,000)	6,015,014	34,494,335	7,910,095	(1,759,483)	5,950,613	5,714,263	(236,350)	-4.1%

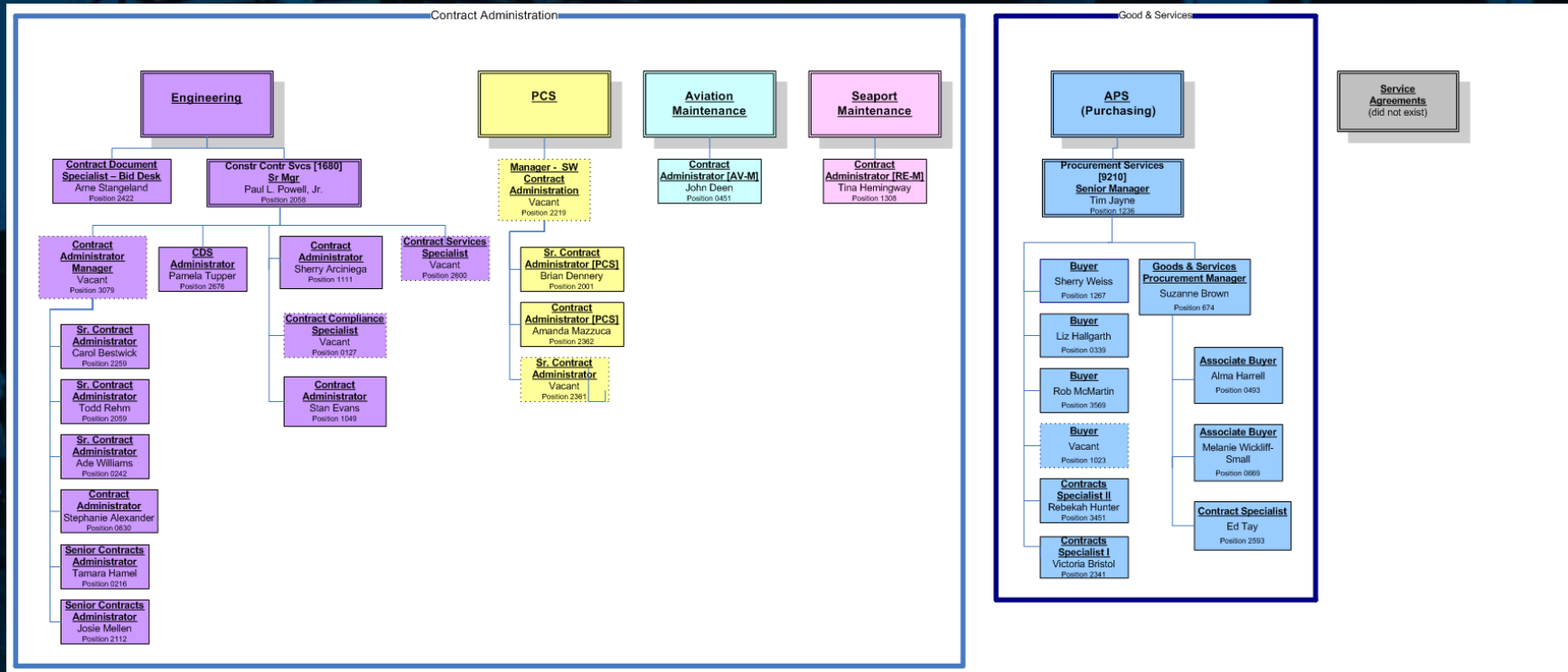
One-Time Expenses

- \$768k - RCF tenant improvement project work
- \$100k - EPDS implementation support
- \$218k – AWV support
- \$95k – T5 dredging
- \$188k – FT net sheds
- \$96k – Water Meters
- \$39k – Dock inspections
- \$200k – Kilroy to STIA PCS move

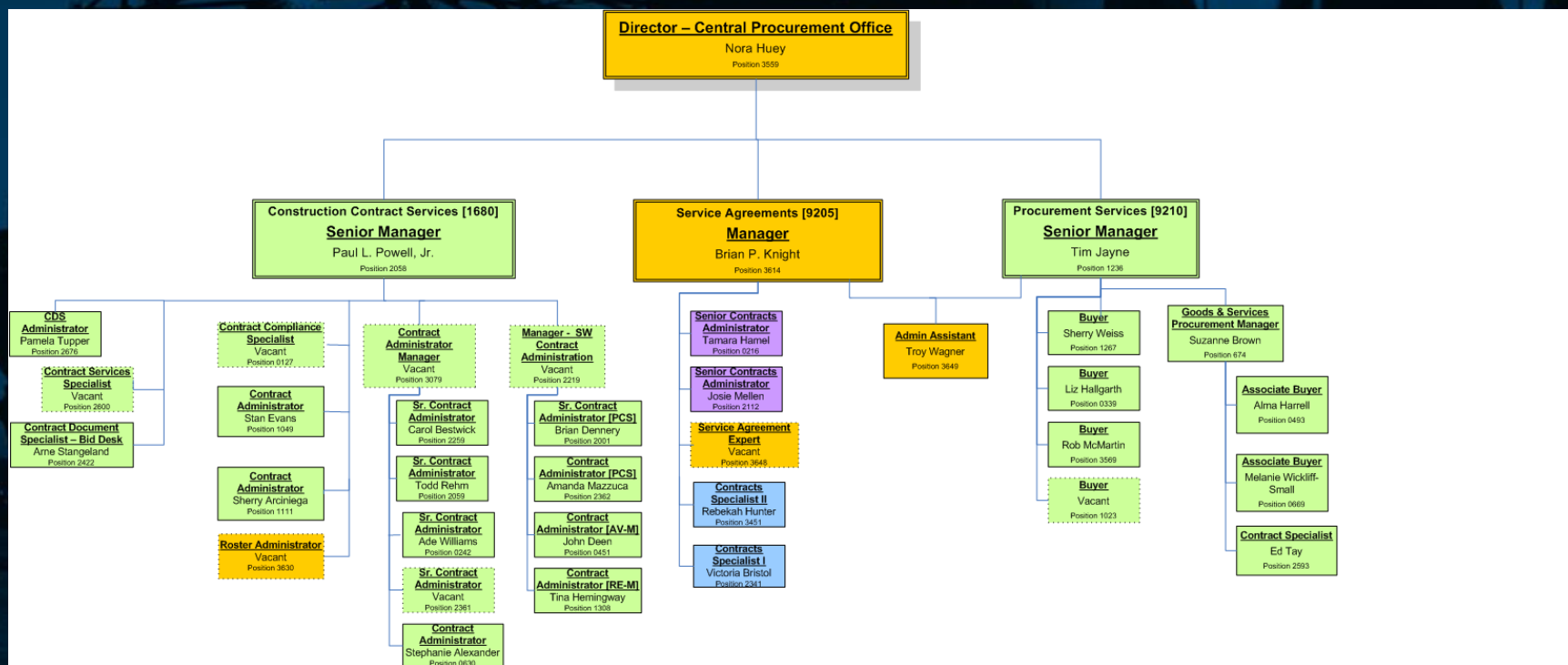
Staffing FTEs by Department

STAFFING (Full-Time Equivalent Position)	2009	2010	% Change
BY DEPARTMENT	Budget	Budget	2010 - 2009
			Budget
Capital Development Administration	3	2	-33.3%
Central Procurement Office	34	36	5.9%
Engineering	111.5	111.5	0.0%
Port Construction Services	54	55	1.9%
Aviation Project Management	49	45	-8.2%
Seaport Project Management	19.8	18.5	-6.6%
TOTAL CAPITAL DEVELOPMENT DIVISION	271.3	268	-1.2%

Procurement Staff Pre-Audit



CPO Today



CPO Personnel Expenses

- \$155k – Director transferred in
- \$270k – 2009 vacancies
- \$285k – Position reclassifications
- \$60k – Reclassification benefits
- (\$170k) – Less capital
- (\$55k)– “First-cut” hire lag savings

Risks

- Financing difficulties disrupt capital programs.
- Operating income declines interrupt expense-funded programs.
- Personnel and process transitions disrupt project performance.
- Renewed audit scrutiny disrupts response and performance.
- Resource shortages constrain process improvements.

Opportunities

- Depressed market generates low bids for construction.
- Slowed design and construction employment provides quality candidates for CDD vacancies.
- Sustainable Asset Management can inform project decisions.
- Building Information Management can aid project visualization and construction.