

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a
Date of Meeting June 14, 2011

DATE: June 2, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Burke, Director, Lease and Asset Management
Mark Griffin, Director, Real Estate Development
Rudy Caluza, Director, Accounting & Financial Reporting

SUBJECT: “Action Status Report” of the 2010 SAO’s Performance Audit of the Port of Seattle’s Real Estate Management and Selected Programs to the State Auditor’s Office

ACTION REQUESTED:

Request Commission authorization for the Commission President to transmit to the State Auditor’s Office (SAO) by July 1, 2011, the Port of Seattle’s “Annual Action Status Report” of the 2010 SAO’s Performance Audit of the Port of Seattle’s Real Estate Management and Selected Programs as required by RCW 43.09.470.

SYNOPSIS:

On December 13, 2010, the State Auditor’s Office (SAO) issued its final report on the Port of Seattle’s Real Estate Management and Selected Programs as required by RCW 43.09.470. The report included ten recommendations which the Commission and staff have considered and are implementing. On May 24, 2011, staff members briefed the Commission on the draft “Annual Action Status Report” on the work accomplished to date. The Commission, as the elected body ultimately responsible for establishing policy for the Port, is required by state law to submit a report each year by July 1 to the SAO detailing the status of the implementation of the SAO’s recommendations. Staff requests the Commission’s approval of the annual report before its submission. The Port will provide the report to the SAO by July 1.

This will be the first and only formal report on the Port’s implementation because much of the substantial work in response to the audit’s recommendations has been completed. Two follow-up items will be provided to the SAO when completed later in 2011: the Century Agenda final report and the latest revision to Resolutions No. 3605/3628. The SAO will also be invited to attend the Century Agenda panels on real estate policy and Port funding.

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BACKGROUND:

The SAO issued an audit of the Port of Seattle's Real Estate Management and other selected programs on December 13, 2010. The audit centered on the Port's real estate management and leasing operations and included a review of past sales and purchases of port property.

The Port held a public hearing to consider the findings and receive public comment on the SAO performance audit on January 11, 2011. SAO staff members complimented the Port for its "tremendous assistance" during the audit and constructive response to the audit recommendations. The SAO also noted the significant reforms implemented throughout the Port in the past several years. The SAO's contractor, TCBA, also commented that its team "came away from the project with a high regard for the port's management team and staff" and also thanked the Port "for the extraordinary level of cooperation and support" provided during the audit.

On May 24, 2011, the staff briefed the commission on draft responses to policy recommendations made by the SAO. A number of issues were touched upon at that briefing:

- Progress on the comprehensive strategic plan known as the Century Agenda.
- Commission oversight over Real Estate transactions and revisions to Resolutions No. 3605/3628
- The Port's implementation of the SAO's recommendations.
- Commission input prior to the submission of the "Annual Action Status Report" to the SAO.

STRATEGIC OBJECTIVES:

- **Be a high performance organization:** The port makes it a high priority to be transparent and accountable to the taxpayers of King County, as stewards of public funds and resources. The port embraces the responsibility to ensure that its operations and programs continuously improve in quality, efficiency, and effectiveness in order to instill public trust and provide ongoing benefit to the residents of King County and the region.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- "Annual Action Status Report" on the SAO 2010 Performance Audit – SAO Audit Report No. 100463.
- SAO's Performance Audit Report on Real Estate Management and Selected Programs released December 13, 2010.
- Draft transmittal letter of the "Annual Action Status Report" from the Port of Seattle Commission President to the State Auditor (to be provided).

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On January 11, 2011, the Commission held a public hearing to consider the findings and accept public comment on the 2010 performance audit.

On May 24, 2011, Staff briefed the Commission on the proposed responses to the SAO's ten recommendations.