

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 7a
Date of Meeting May 24, 2011

DATE: May 16, 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: Update on the “Action Status Report” of the 2010 SAO’s Performance Audit of the Port of Seattle’s Real Estate Management and Selected Programs

PURPOSE OF BRIEFING:

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 Port of Seattle Commission and Port staff have considered and are implementing. This briefing will provide an “Action Status Report” on the Commission’s and Port’s work to date. Since the Commission is the elected body ultimately responsible for establishing policy for the Port, the Commission will be asked to approve the “Action Status Report” at the June 14, 2011, Commission meeting, and the Port will provide the report to the SAO by July 1.

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, as well as focusing on 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 have complimented the Port for its “tremendous assistance” during the audit and constructive response to the audit recommendations and noted the significant reforms implemented throughout the organization 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.

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Given that the Commission must both determine responses to policy recommendations made by the SAO to the Commission and finalize the Port's response in public session, a number of issues will be touched upon at this meeting, including:

- Progress on the comprehensive strategic plan known as the "Century Agenda."
- Commission oversight over Real Estate transactions and revisions to Resolution No. 3605.
- The Port's implementation of the SAO's recommendations.
- Commission input prior to the submission of the "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:

- Draft Annual Action Status Report on the 2009 SAO Performance Audit.
- SAO's Performance Audit Report on Real Estate Management and Selected Programs released December 13, 2010.
- PowerPoint presentation.

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 2009 performance audit.