

**To: Ryan Calkins, Commissioner
Stephanie Bowman, Commissioner
Chris Gehrke, Public Member**

From: Glenn Fernandes, Director, Internal Audit

Date: May 7, 2020

Subject: Interlocal Agreement (ILA) Mapping and Risk Ranking

Background

At the December 9, 2019, Audit Committee, Commissioner Calkins requested a listing of Port ILA’s to obtain a high-level understanding of how the deliverables are tracked and whether they are met. An interlocal agreement is a written contract between local government agencies such as a city, a county, a school board or a constitutional office. Any time a public service involves the joint operations and budgets of two or more local government agencies, an ILA must be created and approved by all sides.

The Revised Code of Washington 39.34.040 states: “Prior to its entry into force, an agreement made pursuant to this chapter shall be filed with the county auditor or, alternatively, **listed by subject on a public agency’s web site or other electronically retrievable public source.**” Commissioner Calkins request was made to lay the ground work for perhaps an audit in 2021 and included the following deliverables:

- 1) A mapping of the responsible department to each ILA, and
- 2) A ranking by risk

Approach

Internal Audit (IA) obtained the listing of current ILA’s from the Port’s publicly facing source. The listing contained 36 agreements. The Central Procurement Office provided hard copies of each agreement and assisted IA in determining the responsible department. Risk was assessed using three criteria:

- 1) Financial (weighted at 50%): A rating of one was assigned if the Port liability was less than \$1,000,000; a rating of two between \$1,000,000 and \$4,999,999; a rating of three greater than \$5,0000,000.
- 2) Legal (weighted at 30%): A rating of one for an agency to agency agreements; a rating of two if the agreement was binding by state issued court order; a rating of three if the agreement was binding by a federal court order.
- 3) Complexity (weighted at 20%): A rating of one was given if the ILA was advisory in nature or required a study; a rating of two for construction related; a rating of three for environmental cleanup of hazardous waste.

Results

Appendix A (below) lists the 36 ILA’s, ranked from highest to lowest risk. We intend to incorporate this analysis into our annual risk assessment when developing our 2021 audit plan. We will then select a sample of ILA’s which we will audit to assure compliance to stated deliverables.

Appendix A

ILA Number	Agency Name & Purpose	Port Department	Initial Agreement Financial Liability (\$)	Financial Risk (50%)	Legal Rating (30%)	Complexity Rating (20%)	Weighted Overall Risk Score
I-00319477	US Environmental Protection Agency - T108 Preliminary Assessment	Sea-Port Environmental	Port to settle the cost of the assessment. Penalty Clause; \$ 1,000 per day for 1-14 days \$ 2,500 per day for 15-30 days \$ 5,000 per day 31st day and beyond	2	3	3	2.5
I-00318335	City of SeaTac – Des Moines Creek Restoration Projects	Aviation Project Management Group	\$12,713,548	3	1	3	2.4
I-00318544	WA State Department of Ecology - Decree for Lora Lake Apartments Clean Up	Aviation Environmental	Reimbursement of actual costs	2	2	3	2.2
I-00316917	WA State Department of Ecology - Agreed Order for North T117	Maritime Environmental	Not specified. Port to reimburse actual costs	2	2	3	2.2
I-00319353	City of SeaTac – Surface Water Management, Quality Assurance and Community Relief	Aviation	\$29,000,000 for 10 years	3	1	2	2.2
I-00319798	City of SeaTac - Safe & Swift Corridor Program focused on	External Relations	\$15,000,000	3	1	2	2.2

	moving cargo, cars, transit and cyclists safely and swiftly on city streets						
I-00319797	City of SeaTac - S Lander St Grade Separation Project - Construction of a bridge on S Lander St	External Relations	\$5,000,000	3	1	2	2.2
I-00318935	City of SeaTac - Heavy Haul with City of Seattle - Legislation of heavy haul network	External Relations	\$10,000,000 – \$20,000,000	3	1	2	2.2
I-00317352	US Environmental Protection Agency - 117 EAA NTCRA Implementation	Maritime Environmental	All future response costs Penalty Clause; \$ 1,000 per day for 1-7 days \$ 2,000 per day for 8-14 days \$ 3,500 per day 15-30 days \$ 7,500 per day 31-90 days	2	3	1	2.1
I-00320124	The Northwest Seaport Alliance - Usage of Portion of Terminal 46	SeaPort Economic Development/Real Estate	\$ 3,826,498 annually (Contract Value = \$88,000,000 for the 23 years)	3	1	1	2
I-00317744	King County - Jail Service	Police Department	\$1,700,000	3	1	1	2
I-00319841	City of Des Moines - Construct transportation improvements to South 216th Street	Aviation Project Management Group	\$1,500,000	2	1	2	1.7
I-00319799	City of Kent - 228th St Grade Separation	External Relations	\$1,190,000	2	1	2	1.7
I-00318903	City of Seattle - Storm Water Utility Operations	SeaPort Environmental	\$3,993,000	2	1	2	1.7

I-00319556	Seattle Community College- Video Services	External Relations	\$1,200,000	2	1	1	1.5
I-00318139	Us Army Corp of Engineers Seattle District - Harbor Navigation Improvement Study	Maritime Environmental	\$1,500,000	2	1	1	1.5
I-00317509	King County Emergency Med Service - Advanced Life Support Ems	Fire Department	\$535,600	1	1	2	1.2
I-00320147	King County Dept of Natural Resources - Conduct services to support the Port in conducting activities for the Des Moines Creek Basin Restoration project	Aviation Environmental	\$42,000	1	1	1	1
I-00320038	USDA APHIS FSO ACCTG SVCS - conduct wildlife damage management to minimize wildlife strike hazards to aircraft, threat to human health and safety & property damage	Aviation Operations - Wildlife	Goods or services on a cost recovery basis	1	1	1	1
I-00319680	King County Finance Division - 2019 ORCA Program	Human Resources	\$380,642	1	1	1	1
I-00320064	Washington State Dept of Transportation - traffic study to evaluate practical solutions to address traffic on SR 516	Aviation Project Management Group	\$400,000	1	1	1	1
I-00319557	Vancouver Fraser Port Authority - Clean Air Strategy Review & Update	Maritime Environmental	\$16,845	1	1	1	1
I-00319554	U S Dept of Homeland Security - Support the joint reimbursable program at SEATAC as agreed in the Reimbursable Services Agreement	Aviation Operations	As billed by CBP	1	1	1	1

I-00319300	City of Tukwila - Commute Trip Reduction Program with Tukwila by implementation of Transportation Demand Management strategies	Aviation Environmental	\$12,500	1	1	1	1
I-00319655	The Northwest Seaport Alliance - development of an information database & report concerning maritime sources of air emissions throughout Puget Sound area	Maritime Environmental	\$50,000	1	1	1	1
I-00318619	Puget Sound Regional Fire Authority - Fire Vehicle Maintenance Services	Fire Department	Labor rate of \$101 per hour subject to a limit of \$300,000 annually	1	1	1	1
I-00318695	City of Seattle - Project Facilitation Services	Maritime Environmental	\$230,000	1	1	1	1
I-00318730	The Northwest Seaport Alliance - POS/NSWA Staff Support Services 2016	Maritime Environmental	The cost is as defined in the Exhibits (exhibits are not available)	1	1	1	1
I-00318338	WA State Dept Of Ecology - WCC Natural Resources Projects	Aviation Environmental	\$700,000	1	1	1	1
I-00317613	Highline Community College - Small Business Development Center and Business Development Services	Economic Development	\$30,000	1	1	1	1
I-00316732	King County Dept of Natural Resources - Surface Water Management Related Technical Services	Aviation Environmental	Port to reimburse actual costs	1	1	1	1
I-00317973	US Federal Aviation Admin - Reimbursement of Runway Reconstruction 16c/34c	Aviation	\$30,000	1	1	1	1

I-00317767	WA State Dept Of Ecology - Water Quality Program Municipal Stormwater Permits	Maritime Environmental	\$641 per year	1	1	1	1
I-00317038	King County Finance Division Small Business Contractors and Suppliers (SCS) Certification	Economic Development	\$12,900 per year	1	1	1	1
I-00316675	Port of Tacoma - Staffing Resources	Maritime Environmental	Labor Rate of \$109 per hour	1	1	1	1
I-00318052	King County Finance Division	Maritime Environmental	\$75,000	1	1	1	1

Category	Score	Weighting
1. Financial Amount		
Below 1,000,000	1	50%
1,000,000-4,999,999	2	
5,000,000 and Above	3	

2. Legal	Score	Weighting
Mutual Agreement	1	30%
State Order	2	
Court Order/Federal Order	3	

3. Complexity	Score	Weighting
Studies, Advisory etc.	1	20%
Construction Projects	2	
Environmental clean-up involving hazardous material	3	

