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Agenda Item No. 10f_supp
Meeting Date: November 29, 2022 November 29, 2022

Delegations of Responsibility and Authority

Delegations – Audit Team, 18 Month Scan Results

- Earlier test of a 1-1/2 years period demonstrates the delegation system is performing well and as designed.
- While delegations can be complex in nature, audit testing demonstrates guidance documents are clearly laid out and are being followed by staff
- An efficiency opportunity was identified.

Port Staff Survey – Business Intelligence / Delegations Team

- Aviation, Maritime, Econ. Dev., Corporate Services - over 200 responses, achieved statistical reliability, 80-page report echoed efficiency need.
- Report Summary indicated important Commission items bureaucratically overwhelmed by operational and functional items.

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Table below is from Port Audit Team Report:

Management Response to Audit Suggestion - Comparator Agencies

AGENCY DELEGATION 5 YEAR CAPITAL BUDGET

King County No limit – within bi-annual budget \$5 B

City Seattle No limit – within bi-annual budget \$5.2 B

UW 15,000,000 \$3.7 B

Sound Transit 5,000,000 \$14 B*

Port of Seattle 300,000 \$4.4 B^ plus SAMP in 10 -year horizon

NWSA 300,000 \$440 M

*Per Sound Transit Development Plan (2020-2025) from 2019 Annual Report, adopted by the Board of Directors on September 24, 2020

^ Per 2022 Port Plan of Finance.

From this scan it is clear the Port delegations are outdated .

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Inflation Erosion upon Delegation Threshold

The delegation was last updated 13 years ago in 2009 from \$200k to \$300k

Port Delegations 2009 2021 – Purchasing Power Percentage Decrease

All Delegations \$300,000 \$213,772 28.7%

Capital Delegations \$300,000 \$158,242 47.3%

Port Budgets 2009 Value 2022 Value Percentage Increase

Operating Revenue \$486.4 million \$766.9 million 36.6%

Expense Budget \$277.9 million \$499.1 million 44.3%

74.6% (not including

Capital 5-year forecast \$1.123 billion \$4.435 billion

SAMP)

Delegation buying power is down, while Port and its budgets are up. Situation is out of balance.

Creates inefficiency and robs Commission and Leaders of valuable policy and strategy time.

Our proposal creates efficiency and maintains transparency

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3 YEAR SCAN – Commission Efficiency Opportunity

332 monetary items of 664 items over 65 meetings

\$4,500 100

Efficiency Opportunity:

\$4,000 80/20 Rule: Focus on the 90

94 Vital 20% for Commission

Action 80

\$3,500

83 \$ 3,700

70
\$3,000 72
60
\$2,500
50
\$2,000 47 47
40
\$1,500
30
2525
25 2323
\$1,000 23 24
20
\$500 19 17 8 8 12
9
9 10
5
6
\$230
0 \$42 \$149 \$95 \$108 0
0-1M 1M-2.5M 2.5M-5M 5M-7.5M 7.5M-10M >10M
Commission Approval Actions
\$ Value of actions Efficiency Opportunity Delegations in ED Remarks
Public Session Necessary

Raising ED Delegation Level from \$300k to \$ 5 - 10 mil increases efficiency for Port operations, while allowing more commission time to focus on policy, community impact, and high - cost programs

\$4,500 100
\$4,000 90
94
80
\$3,500
83 \$ 3,700
70
\$3,000
72
60
\$2,500 Recommend
\$5, \$7.5, or \$10 mil 50
\$2,000 Delegation 47 47
40
\$1,500
30
\$1,000 24
20
12
\$500 10
0 \$42 \$149 \$230 \$95 \$108 0
0-1M 1M-2.5M 2.5M-5M 5M-7.5M 7.5M-10M >10M
Commission Approval Actions
\$ Value of actions

Benefits for Commission to Raising Delegation Level

- Eliminates clogging calendar by low priority Commission Action Items.
- Allows added time for the many competing pressures upon Commissioners.
- Allows more focus time for Commissioners on high priority issues such as: policy, strategy, business, community related items, workforce development, apprenticeship, WMBE and small business, transportation, community and social issues, etc.
- Increases time for Commissioner Committee work and areas of interest.
- Allows time for more in-depth check-in briefings for ongoing initiatives.

Benefits for ED and Port Staff

- Allows ED's budgeted priorities to receive more time and effort.

- Enables the ED, Executive Leaders, and Port employees to focus on the most vital issues.
 - Century Agenda Goal to be Efficient Agency - Saves Time and Money
 - Equivalent to cost savings of 6-8 FTE's that could be redeployed to greater value work during this era of FTE losses and hiring shortages
- Benefits to Business Partners and Community
- Saves up to 8 weeks of processing for certain small and large businesses partnerships

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Estimated Financial and Time Savings

- Total estimated savings is approximately 16,600 hours per year which is conservatively equivalent to a range of 6-8 FTEs.

Current Model - New Model -
estimate estimate

Commission Actions – Based on average from 249 83

2018-2021

Estimated Staff hrs. per transaction 81 43

Average employee staff hour cost \$134 \$110

• Key Factors

- Raising the delegation from 300k to 10M reduces the number of actions per year
- Meeting time is reduced 55% in the new model and drafting time is reduced 30%
- The new process lends itself to shorter meetings
- The new drafting process requires less detailed preparation and public quality documents
- The shorter meetings of the new process change the mix of staff hours resulting in an overall lower per hour cost.

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Illustrative Split of Future Actions up to Delegation

ED Delegation: ED Report: Highlight Policy and Strategy votes in
Public Session:

Applications software in Commission Joint Tourism Marketing

Buy Deicer Meeting: ILA with City of Seattle, partner
cities, WA State, Tribes

IDIQ solicitations Train and Escalator

FAA Sound Insulation Program
maintenance contracts

Purchase trash cans in SeaTac and Des Moines

5-year trash Settlement agreements

Initiate Design & Sign compacting agreement Workforce, WMBE, etc.

Construction Land, major leases, ADR,
contracts PSE Utility Agreement Community Engagement, EDI,
Proclamations, etc.

Tenant utility work Accept shore-power

Annual Budget

grant Huge Aviation Projects

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Illustrative View of Current ED \$300k Delegation

Current Equivalent Time the ED Can Run the Port

Current Buying Power

Average Spend per of 2009 \$300k Average Time ED

Budget 2021 Value Business Days/ Year Business Hour Delegation Can Run the Port

Expense \$423.4M 261 \$202,778 \$213,772 63 Minutes

Capital \$536.6M 261 \$256,992 \$158,242 37 Minutes

What Would Current Delegation be if ED Could Run the Port for a Whole Day?

Delegation Level

Budget 8 Hour Day Divide By Increase Factor Buying Power to Run 1 Day

Expense 480 Minutes 63 7.6x \$213,772 \$1.6M

Capital 480 Minutes 37 13x \$158,242 \$2.1M

Should ED have Enough Delegation to Run the Port for 1 Day or 1 Week?

Yes – we recommended \$10 million option, Governance Committee concurred

Legal changes to the General Delegations and

general updates throughout the document

- Removed outdated references and language not necessary to the delegation that may be updated separately in the future
- Updated language related to permits, mitigation credits, non-disclosure agreements, restrictive covenants and hold harmless agreements
- Added back insurance and surplus delegations from previous delegations
- Updated Definitions, including Interlocal Agreements and Projects, while removing definitions that are no longer referenced in the delegation
- Added delegation for agreements that are not covered by any other specific delegation that promote operational or logistical efficiency, and do not meet the definition of Interlocal Agreements, such as reimbursement agreements with TSA, CBP or other public or private entities
- Updated Monetary Limits to align with other public entities and inflation since 2009

Updates to Monetary Limits

Monetary limits 2009 2022

Capital Projects and Contracts \$300,000 \$10,000,000
Airport Tenant Reimbursement \$200,000 \$10,000,000
Utilization of Port Crews \$300,000 \$10,000,000
Street Vacations \$300,000 \$10,000,000
Budget Transfers \$300,000 \$10,000,000
Preliminary Work \$300,000 \$2,000,000
Critical Work \$500,000 \$15,000,000
Claims and Settlements \$300,000 \$1,000,000
Real Estate Agreements \$300,000 \$1,000,000

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Transparency in Public Session in 2023

Proposed Agenda Public Agenda Item 8c

- 1 Call to Order Category of Reference Description Category
- 2 Executive Session Approval Numbers Amount
- 3 Approval of the Agenda
- 4 Special Orders of the Day Real Property 0013 4-year lease to XYZ company \$670,985 Agreements
- 5 Executive Director's Report, including highlights of delegation use above
- 6 Committee Reports
Projects 0008 PCS project - install airline \$4,000,000
- 7 Public Comment ticket kiosks
- 8 Consent Agenda 0012 Maritime project - improve
- 8a Approval of Minutes
- 8b Approval of Claims & Obligations T91 dock \$6,904,380
- 8c Listing of monthly delegation use >\$2.5 mil, Contract and 0009 Aviation signage for new \$1,000,000 two months in arrears Procurement passenger flow
- 9 Unfinished Business Administration 0011 Tourism agreement with City \$2,245,672
- 10 New Business Items of Seattle
- 11 Presentations & Staff Reports
Legal 0010 Settlement Agreement \$380,000
- 12 Questions on Referral to Committee & Closing Administration
Comments
- 13 Adjournment Other 0014 Non-profit Agreement \$452,340
(Commission briefed)
Suggest Audit process within 18 months, and when Grand Total \$17,653,377 working well, then sunset the public monthly report

Work Flow: Requests for ED Signature Approval

APPROVAL FLOW OF REQUESTS: APPROVAL QUESTIONS AND CHECKS for ELT and COO:

1. Subject Matter Experts Pull Template
from Executive SharePoint Site Is this request of high Commissioner interest ? Yes, No, NA
Is this of high community interest ? Yes, No, NA
2. Select Approval Type from drop-down Is this a potential Commission Policy Item ? Yes, No, NA
3. Yes or No clicks through delegation Is this a potential Commission or Ed Strategic Item ? Yes, No, NA

4. Fill out approval form with fewer attachments than Comm. process External Relations check Yes, No, NA
5. Send through Manager to ELT Member Finance check Yes, No, NA
Legal check Yes, No, NA
for Approval Procurement check Yes, No, NA
6. ELT Sends to COO and Exec. Office OEDI check Yes, No, NA
7. COO Review, Checks, and Phone Calls Executive COS check Yes, No, NA
8. Recommendation to ED Commission COS check Yes, No, NA
9. ED Decision Decision Record Notes from Discussions:
Saves XXX – YYY FTE's Recommendation to Executive Director:
Approve Request Yes, No, NA
Move Request to Commission Public Session Yes, No, NA
Add Commission & Public Notification in ED Remarks Yes, No, NA
Suggest Audit Team check process within
24 months, and then sunset Add to ED 2:2:1 discussion list Yes, No, NA

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Infrastructure
Regulatory
Ecosystem
Provides Boundaries
and Guidance

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APPENDIX

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Updates to the Real Estate Delegations

Existing: Revised:

- For leases and other use agreements, \$300,000 limit for • \$1,000,000 limit for specific, noncontingent monetary lease reimbursement or payments, and five years or less. payments or reimbursements, and five years or less.
- For amendments over five years, delegation included a • Amendments for leases over five years only delegated if term, \$300,000 limit and “substantive” provisions remain rental rates, environmental provisions are unchanged, any unchanged. square footage changes are less than 10%, security deposit is not decreased, and cumulative noncontingent monetary
- Easements or use agreements of Port property were obligations do not exceed \$1,000,000. delegated if they related to or benefit the Port's • Easements are delegated if they do not deprive the Port of operations and didn't require any new financial substantial use of the property or are less than 1000 square obligation. feet, and monetary obligations do not exceed \$1,000,000.
- Leasing, easements or otherwise using the property of • Leasing, easements or otherwise using the property of others others was limited to five years and less than \$300,000. is delegated so long as payments are less than \$1,000,000, with no duration limit.

Updates to Legal Delegations

Legal 2009 2022

Claims and Settlements