

START OF TRANSCRIPT

[00:00:27] YOU.
[00:00:30] THIS IS COMMISSIONER MOHAMED CALLING.
[00:00:33] THIS CALLING TO ORDER. THE PORT OF
[00:00:36] SEATTLE'S AUDIT COMMITTEE SPECIAL
[00:00:38] MEETING TO ORDER. TODAY IS FRIDAY, JUNE
[00:00:41] 30, 2023, AND THE TIME IS 1059.
[00:00:46] WE ARE MEETING TODAY AT THE PORT OF
[00:00:48] SEATTLE'S HEADQUARTERS. COMMISSIONER
[00:00:50] CHAMBERS AND VIRTUALLY VIA TEAMS
[00:00:52] PLATFORM. PRESENT WITH ME TODAY IS
[00:00:55] COMMITTEE MEMBERS COMMISSIONER SAM CHO
[00:00:57] AND PUBLIC MEMBER SARAH HOMESTORM. TO
[00:01:00] MAKE THIS MEETING MORE ACCESSIBLE TO THE
[00:01:02] PUBLIC, THE MEETING IS BEING LIVE
[00:01:04] STREAMED AND DIGITALLY RECORDED, AND MAY
[00:01:07] BE VIEWED OR HEARD AT ANY TIME ON THE
[00:01:10] PORT'S WEBSITE. A CALL IN TELEPHONE
[00:01:13] NUMBER IS ALSO PROVIDED FOR ANYONE WHO
[00:01:15] WOULD LIKE TO LISTEN IN INTO THE
[00:01:18] MEETING. THE FIRST ITEM OF BUSINESS IS
[00:01:22] THE APPROVAL OF OUR LAST MEETING MINUTES
[00:01:24] FROM APRIL 6, 2023.
[00:01:28] AS A REMINDER TO THE VIEWING AUDIENCE,
[00:01:30] THE PUBLIC MEMBER OF THE AUDIT
[00:01:32] COMMITTEE, SARAH, IS NOT A VOTING MEMBER
[00:01:34] FOR THE PURPOSES OF CASTING VOTES ON
[00:01:37] MOTIONS MADE PER THE COMMITTEE RULES.
[00:01:44] ARE THERE ANY CORRECTIONS TO THE
[00:01:47] MINUTES? ARE THERE ANY OBJECTIONS TO
[00:01:51] APPROVE TO APPROVAL OF THE MINUTES AS
[00:01:53] PRESENTED HEARING NONE.
[00:01:56] THE MINUTES ARE APPROVED.
[00:02:04] THAT TAKES US INTO ITEM NUMBER THREE,
[00:02:07] THE MOSS ADAMS 2022 FINANCIAL STATEMENT
[00:02:10] AUDIT RESULTS.
[00:02:14] MR. FERNANDEZ, PLEASE INTRODUCE OUR
[00:02:16] SPEAKERS TODAY. THANK YOU,
[00:02:19] COMMISSIONER. TODAY WE HAVE OLGA
[00:02:21] DARLINGTON, WHO'S PARTNER AT MOSS ADAMS,
[00:02:24] AND CONOR MCAULEY, WHO'S A SENIOR
[00:02:26] AUDITOR WHO DID THE WORK, WHO'S PART OF
[00:02:29] THE TEAM. AND THEY'LL BE TALKING ABOUT
[00:02:30] OUR FINANCIAL STATEMENT AUDIT RESULTS
[00:02:33] FOR THE YEAR. OLGA, IT'S ALL YOURS.
[00:02:35] THANK YOU, GLENN. GOOD MORNING,
[00:02:36] COMMISSIONERS OR MEMBERS OF THE
[00:02:38] COMMITTEE. AND WE HAVE A SHORT SLIDE
[00:02:41] PRESENTATION, SOME VISUALS FOR
[00:02:45] PRESENTING TO YOU THE RESULTS OF THE
[00:02:48] 2022 YEAR END AUDIT.
[00:02:51] OKAY.
[00:02:57] ALL RIGHT, WE CAN GO TO THE NEXT SLIDE.
[00:02:59] SO, WHAT WE WILL PRESENT TO YOU TODAY IS
[00:03:03] THE OVERVIEW OF THE REPORTS THAT WE HAVE
[00:03:05] ISSUED AS A RESULT OF THE AUDIT. WE
[00:03:07] ALWAYS LIKE TO TALK TO TELL YOU A LITTLE
[00:03:09] BIT MORE ABOUT THE SIGNIFICANT AREAS OF
[00:03:11] THE AUDIT WHERE WE SPENT A LOT OF AUDIT
[00:03:13] EFFORTS, TOUCH ON INTERNAL CONTROLS AND
[00:03:16] THEN COVER THE MATTERS THAT ARE REQUIRED
[00:03:19] TO BE COMMUNICATED TO THOSE [inaudible 00:03:20]

[00:03:20] GOVERNANCE, SUCH AS THE AUDIT COMMITTEE.
[00:03:23] BRIEFLY OVERVIEW THE UPCOMING ACCOUNTING
[00:03:25] STANDARDS THAT THE PORT WILL BE
[00:03:26] IMPLEMENTING IN THE FUTURE YEARS. ON THE
[00:03:29] NEXT SLIDE, THIS IS THE HIGHLIGHT OF OUR
[00:03:31] PRESENTATION. SO, THE AUDIT WAS
[00:03:34] COMPLETED IN APRIL, AND AS A
[00:03:38] RESULT OF OUR AUDIT ON THE FINANCIAL
[00:03:40] STATEMENTS FOR THE YEAR ENDED DECEMBER
[00:03:43] 31, 2022, WE ISSUED
[00:03:47] SEVERAL REPORTS. THE FIRST ONE IS THE
[00:03:50] REPORT ON THE FINANCIAL STATEMENTS
[00:03:52] THEMSELVES, AND THEY COVER THE
[00:03:53] ENTERPRISE FUND, WHICH WAS THE PORT
[00:03:55] ITSELF, AS WELL AS THE FIDUCIARY FUND,
[00:03:57] WHICH IS THE WAREHOUSMAN'S PENSION TRUST
[00:03:59] FUND. THE PORT IS UNMODIFIED OPINION,
[00:04:03] WHICH IS, AS YOU KNOW, A CLEAN OPINION.
[00:04:05] THAT'S EXACTLY THE KIND OF OPINION THAT
[00:04:08] YOU WANT AS A RESULT OF FINANCIAL AUDIT.
[00:04:11] ALSO ISSUED THE PORT ON INTERNAL CONTROL
[00:04:14] OVER FINANCIAL REPORTING. THAT REPORT
[00:04:17] GENERALLY WOULD DISCLOSE ANY MATERIAL
[00:04:20] WEAKNESSES OR SIGNIFICANT DEFICIENCIES
[00:04:22] IF WE HAD FOUND THEM. POLICE TO REPORT.
[00:04:24] THERE WERE NO FINDINGS IN THAT REPORT AS
[00:04:26] WELL. ADDITIONAL COMPLIANCE REPORT
[00:04:30] WAS RELATED TO THE FEDERAL AWARDS THAT
[00:04:33] THE PORT SPENDS THROUGHOUT THE YEAR.
[00:04:39] THE TWO REPORTS WERE ISSUED, ONE ON THE
[00:04:41] COMPLIANCE SCHEDULE ITSELF. IT'S A
[00:04:44] SCHEDULE OF EXPENDITURES OF FEDERAL
[00:04:46] AWARDS, AND THE SECOND REPORT ONCE AGAIN
[00:04:48] ON INTERNAL CONTROLS COVERING THE
[00:04:50] COMPLIANCE WITH THOSE FEDERAL AWARDS.
[00:04:54] THAT REPORT INCLUDED ALL OF THE FEDERAL
[00:04:57] AWARDS THAT THE PORT RECEIVED IN 2022,
[00:04:59] AND ONE MAJOR PROGRAM WAS IDENTIFIED FOR
[00:05:02] TESTING AND THAT'S AIRPORT IMPROVEMENT
[00:05:04] PROGRAM THAT SHOWED EXPENDITURES OF
[00:05:06] 174,000,000,
[00:05:09] OF WHICH 149,000,000 WERE COVID RELATED
[00:05:13] FUNDS THAT WERE RECEIVED. ON THE NEXT
[00:05:16] SLIDE, WE HAVE A FEW MORE REPORTS THAT
[00:05:19] WE HAVE ISSUED. THE FIRST ONE IS THE
[00:05:21] AUDIT REPORT ON THE SCHEDULE OF
[00:05:23] PASSENGER FACILITY CHARGES. THIS IS A
[00:05:25] SPECIAL COMPLIANCE REPORT THAT'S
[00:05:27] REQUIRED TO BE SUBMITTED TO FEDERAL
[00:05:29] AVIATION ADMINISTRATION, AND IT'S
[00:05:31] PERFORMED IN ACCORDANCE WITH A SPECIAL
[00:05:33] GUIDE THAT FAA ISSUES FOR COLLECTION AND
[00:05:36] DISBURSEMENT OF PASSENGER FACILITY
[00:05:37] CHARGE FEES.
[00:05:41] ANOTHER REPORT ON SCHEDULE OF NET
[00:05:43] REVENUES AVAILABLE FOR REVENUE BOND DEBT
[00:05:45] SERVICE. THAT'S A TEN YEAR SCHEDULE THAT
[00:05:49] SHOWS REVENUES AND EXPENDITURES AND
[00:05:51] COMES TO A CALCULATION OF A DEBT SERVICE
[00:05:53] COVERAGE THAT THE PORT COMPLIES WITH.
[00:05:56] AND THEN TWO REPORTS ON AGREED UPON
[00:05:58] PROCEDURES THAT ARE SPECIFICALLY
[00:06:00] OUTLINED AND GO TO THE DEPARTMENT OF

[00:06:02] ECOLOGY AND DEPARTMENT ENVIRONMENTAL
[00:06:06] PROTECTION AGENCY. SO THAT COVERS ALL
[00:06:09] OF THE REPORTS. NO FINDINGS IN ANY OF
[00:06:11] THE REPORTS. SO THEY'RE ALL CLEAN. ALL
[00:06:14] GOOD NEWS. ALL RIGHT. I'LL ASK
[00:06:18] CONNOR TO COVER SOME OF THE AREAS OF
[00:06:19] AUDIT EMPHASIS FOR US. YES, HI. I'M JUST
[00:06:23] GOING TO COVER KIND OF WHERE OUR FOCUS
[00:06:25] WAS DURING THE AUDIT TO START OFF WITH
[00:06:27] INTERNAL CONTROL ENVIRONMENT. FOR ANY
[00:06:31] BUSINESS OR ANY ENTITY, INTERNAL
[00:06:32] CONTROLS ARE IMPORTANT TO MAKE SURE THAT
[00:06:34] DAY TO DAY TRANSACTIONS ARE BEING
[00:06:36] PROPERLY APPROVED AND RECORDED. SO SOME
[00:06:38] OF THE MAIN CONTROL PROCESSES WE LOOKED
[00:06:41] AT WERE AROUND CAPITAL ASSETS AND
[00:06:43] PROJECT MANAGEMENT, THE CASH RECEIPTS
[00:06:45] AND RECEIVABLES. THE OTHER SIDE OF THAT
[00:06:47] IS THE CASH DISBURSEMENTS AND PAYABLES,
[00:06:50] BOND AND INVESTMENT TRANSACTIONS, AS
[00:06:53] WELL AS THE ADMINISTRATION OF FEDERAL
[00:06:54] AWARDS, AS OLGA MENTIONED, WITH THE MAIN
[00:06:57] FOCUS ON KIND OF COVID-19 FUNDING THIS
[00:06:59] YEAR. ANOTHER AREA IS MANAGEMENT
[00:07:02] ESTIMATES. ANYTIME YOU HAVE ESTIMATES
[00:07:05] INVOLVED, THERE'S A HIGH LEVEL OF
[00:07:07] JUDGMENT INVOLVED. AND SO FOR ANY
[00:07:09] SIGNIFICANT ESTIMATES, WE PAY CLOSE
[00:07:11] ATTENTION TO THAT. SOME OF THESE
[00:07:13] ESTIMATES INCLUDE THE ALLOWANCE FOR
[00:07:15] DOUBTFUL ACCOUNTS, ENVIRONMENTAL
[00:07:17] REMEDIATION LIABILITY, LEGAL
[00:07:19] CONTINGENCIES AND INSURANCE RECOVERIES,
[00:07:22] AND ACTUARIAL VALUATIONS OF PENSION AND
[00:07:24] POST EMPLOYMENT BENEFITS. AND THEN WE
[00:07:27] ALSO TAKE A LOOK AT THE NORTHWEST
[00:07:29] SEAPORT ALLIANCE JOINT VENTURE. THEY
[00:07:32] ACTUALLY ISSUE THEIR REPORT BEFORE WE DO
[00:07:34] SO WE CAN KIND OF TAKE A LOOK AT THAT
[00:07:36] AND CONFIRM THE PORT SHARE OF THAT JOINT
[00:07:38] VENTURE OPERATING REVENUE AND THEN
[00:07:41] CAPITAL ASSETS. AS YOU GO THROUGH THE
[00:07:44] FINANCIAL REPORT, YOU'LL SEE THAT'S ONE
[00:07:45] OF THE LARGER ITEMS, LARGER BALANCES.
[00:07:49] AND SO WE TAKE A LARGE LOOK INTO
[00:07:52] THERE. SOME OF OUR CONSIDERATIONS
[00:07:54] INCLUDE CAPITALIZATION POLICIES,
[00:07:56] TESTING OF ADDITIONS, ANY RETIREMENTS,
[00:07:58] THE APPLICATION OF OVERHEAD THROUGHOUT
[00:08:00] THE YEAR. AND THEN IN THE PAST FEW YEARS
[00:08:02] WE'VE SPENT EXTRA CONSIDERATION AROUND
[00:08:06] THE TIMELY CLOSING OF CAPITAL
[00:08:08] IMPROVEMENT PROJECTS, SPECIFICALLY
[00:08:09] AROUND YEAR END AND MAKING SURE IF A
[00:08:12] PROJECT IS IN SERVICE IT IS BEING
[00:08:14] RECORDED AND DEPRECIATION IS GOING AS
[00:08:16] OPPOSED TO BEING IN CONSTRUCTION AND
[00:08:19] PROCESS WHERE IT WOULD NOT BE
[00:08:21] DEPRECIATING. ON THE NEXT SLIDE WE HAVE
[00:08:24] A FEW MORE AREAS. SO ANOTHER LARGE
[00:08:28] BALANCE ON THE REPORT WILL BE BOND
[00:08:31] ACTIVITY AND DEBT AND SO WE ALWAYS TAKE
[00:08:33] A LOOK THERE. WE TESTED THE FIVE NEW

[00:08:35] BOND ISSUANCES AND FOUR REFUNDING BONDS
[00:08:38] THIS YEAR. WE ALSO LOOK AT DEBT
[00:08:41] REPAYMENTS, ARBITRAGE LIABILITIES, ANY
[00:08:44] COMPLIANCE WITH RELEVANT COVENANTS
[00:08:47] ATTACHED TO THOSE DEBT, DEBT AND THEN
[00:08:49] PROCEDURES OVER THE NET REVENUE SCHEDULE
[00:08:52] AND MAKING SURE THAT ALL TIES OUT
[00:08:53] CORRECTLY AND THEN MOVING ON. WE'VE GOT
[00:08:56] THE AIRPORT LEASE AND OPERATING
[00:08:57] AGREEMENT. THIS IS THE LARGE SOURCE OF
[00:08:59] REVENUE, ONE OF THE LARGE SOURCES OF
[00:09:00] REVENUE FOR THE PORT. WE DO BOTH A TEST
[00:09:03] OF DETAIL AND ANALYTICAL APPROACH.
[00:09:05] ANALYTICAL APPROACH WILL TAKE A LOOK AT
[00:09:08] BUSINESS INDICATORS SUCH AS LANDING
[00:09:10] WEIGHT AND PLANE MINT, GATE USAGE.
[00:09:12] WE'LL DEVELOP OUR OWN EXPECTATION ON
[00:09:14] WHAT WE'D EXPECT, LANDING FEES,
[00:09:16] TERMINAL RENTS AND GATE FEES TO BE
[00:09:18] COMPARE THAT TO WHAT THEY ACTUALLY WERE
[00:09:20] AND THEN ANY LARGE DIFFERENCES WE'LL
[00:09:23] KIND OF INVESTIGATE AND UNDERSTAND. AND
[00:09:25] THEN WE ALSO SEND CONFIRMATIONS OF
[00:09:27] REVENUE OUT TO SOME OF THE LARGER
[00:09:29] AIRLINES TO GET COMFORT OVER THERE.
[00:09:32] OTHER SOURCES OF REVENUE WE'RE LOOKING
[00:09:35] AT ARE ADVALORUM TAX LEVIES, INVESTMENT
[00:09:37] INCOME, PASSENGER FACILITY CHARGES,
[00:09:40] CUSTOMER FACILITY CHARGES AND FEDERAL
[00:09:42] GRANTS. AND THEN LAST BUT NOT LEAST WE
[00:09:44] ALSO LOOK AT THE COLLECTIBILITY OF ANY
[00:09:46] RELATED RECEIVABLES AT YEAR END TO MAKE
[00:09:48] SURE THAT IF THEY ARE RECORDED AS
[00:09:50] REVENUE THE EXPECTATION IS THAT THEY ARE
[00:09:52] BEING COLLECTED. AND ON THE NEXT SLIDE
[00:09:56] ONE OF THE MORE SIGNIFICANT AREAS THIS
[00:09:58] YEAR, IF NOT THE MOST SIGNIFICANT AREA
[00:10:00] WAS LOOKING AT MANAGEMENT'S
[00:10:03] IMPLEMENTATION OF THE NEW GASB LEASING
[00:10:06] STANDARD GASB 87. SO A COUPLE OF THINGS
[00:10:10] WITH THIS STANDARD IS IT IS
[00:10:13] RETROACTIVELY APPLIED TO DECEMBER 31,
[00:10:16] 2020 AND 2021, WHICH RESULTED IN A
[00:10:19] RESTATEMENT I'LL COVER IN A SEC AND THE
[00:10:23] PORT. AND ESSENTIALLY WHAT IT DOES IS IT
[00:10:26] TAKES THE NET PRESENT VALUE OF ALL
[00:10:28] EXPECTED AS THE LESSEE OR LESS OR SORRY
[00:10:31] ALL EXPECTED FUTURE PAYMENTS OF LEASES
[00:10:33] AND PUTS THAT AS AN ASSET ON THE BALANCE
[00:10:36] SHEET AND A CORRESPONDING DEFERRED
[00:10:37] INFLOW AND THEN AS A LESSEE THERE WOULD
[00:10:41] BE THE LEASE LIABILITIES KIND OF IN
[00:10:44] SIMILAR THEORY THERE. AND THEN IT ALSO
[00:10:46] MOVES SOME REVENUE BELOW THE OPERATING
[00:10:50] INCOME LINE INTO KIND OF AN OTHER INCOME
[00:10:54] LEASE INTEREST EXPENSE. SO THOSE ARE
[00:10:57] KIND OF THE MAIN IMPLEMENTATION STUFF
[00:11:00] THAT WE LOOKED AT. PORTS MANAGEMENT HAS
[00:11:03] BEEN WORKING ON THIS IMPLEMENTATION FOR
[00:11:05] MULTIPLE YEARS NOW AND WE WERE ABLE TO
[00:11:08] WORK THROUGH MOST OF OUR TESTING IN
[00:11:10] SEPTEMBER AND NOVEMBER OF LAST YEAR,
[00:11:12] AND THEN KIND OF FINISH IT UP WHEN WE

[00:11:13] WERE OUT FOR FINAL FIELD WORK IN MARCH
[00:11:17] OF THIS YEAR. AS YOU CAN SEE,
[00:11:20] THE OVERALL RESTATEMENT IMPACT WAS
[00:11:23] PRETTY SIGNIFICANT. THERE'S ADDED LEASE
[00:11:26] RECEIVABLE OF 345,000,000 AND THAT
[00:11:29] DEFERRED INFLOW IN THE SAME AMOUNT.
[00:11:31] THERE'S SOME INTANGIBLE LEASED ASSETS OF
[00:11:34] 8.5 MILLION AND RELATED ACCUMULATED
[00:11:36] AMORTIZATION OF 3.8 MILLION. ON THE
[00:11:40] LESSEE SIDE, THERE'S THAT 4.7 MILLION IN
[00:11:43] LEASE LIABILITIES THAT'S BEEN ADDED,
[00:11:45] AND THEN A DECREASE IN FINANCIAL YEAR
[00:11:48] END 2000 AND 22,021 OPERATING REVENUE OF
[00:11:52] 11 MILLION AND 12 MILLION. AND
[00:11:54] ESSENTIALLY IT JUST RECLASSIFIED THAT DOWN
[00:11:56] BELOW OPERATING INCOME TO LEASE
[00:11:59] INTEREST. SOME OF THE PROCEDURES WE
[00:12:02] PERFORMED AS PART OF OUR AUDIT INCLUDED
[00:12:04] REVIEWING MANAGEMENT'S PROFESSIONAL
[00:12:07] MEMOS AND WHITE PAPERS OF THEIR
[00:12:10] UNDERSTANDING OF THE GUIDANCE AND
[00:12:12] IMPLEMENTATION. AND THEN WE RECALCULATED
[00:12:16] MANAGEMENT'S CALCULATIONS FOR THE NET
[00:12:18] PRESENT VALUE CALCULATIONS AND THEN
[00:12:20] ENSURED THAT PROPER DISCLOSURES AND
[00:12:22] REQUIRED DISCLOSURES WERE BEING MADE.
[00:12:24] WE ALSO TO DO THAT, WE SELECTED A SAMPLE
[00:12:26] OF LEASE AGREEMENTS AND REPERFORMED THE
[00:12:28] CALCULATIONS THAT MANAGEMENT HAD
[00:12:30] PERFORMED. NEXT SLIDE,
[00:12:34] PLEASE. SO THEN FINALLY, ON THE OTHER
[00:12:38] AREAS, THE PORT IS A FIDUCIARY FOR THE
[00:12:40] WAREHOUSEMAN'S PENSION TRUST FUND. AND
[00:12:43] SO WE ALWAYS PERFORM PROCEDURES AROUND
[00:12:45] THAT, WHICH INCLUDE LOOKING AT
[00:12:46] INVESTMENT BALANCES AND DISTRIBUTIONS.
[00:12:49] AT THIS POINT, THERE'S NO MORE
[00:12:50] CONTRIBUTIONS, SO PRIMARILY FOCUSED ON
[00:12:53] THOSE DISTRIBUTIONS AND THEN INFORMATION
[00:12:56] TECHNOLOGY. AND IT IS JUST A GROWING
[00:12:58] SUBJECT AROUND THE WORLD IN GENERAL WITH
[00:13:01] THE TECHNOLOGICAL ERA THAT WE'RE IN.
[00:13:04] AND SO WE HAVE OUR IT SPECIALISTS COME
[00:13:06] IN AND DO INTERNAL CONTROL TESTING AND
[00:13:09] IT TESTING AROUND SOME GENERAL COMPUTER
[00:13:12] CONTROLS, PRIMARILY AROUND THE SECURITY
[00:13:14] AND ACCESS, PROVIDING ACCESS AND
[00:13:18] REVOKING ACCESS IN A TIMELY MANNER,
[00:13:21] WHERE THEY'RE ALSO LOOKING AT THE
[00:13:23] EXCHANGE OF INFORMATION BETWEEN SYSTEMS
[00:13:25] AND ENSURING THAT THAT INFORMATION IS
[00:13:27] COMPLETE AND ACCURATE AS IT'S BEING
[00:13:29] TRANSFERRED BETWEEN THE DIFFERENT
[00:13:31] SYSTEMS. AND THEN FINALLY, AS OLGA KIND
[00:13:35] OF TOUCHED ON EARLIER, WE HAVE SEPARATE
[00:13:36] PROCEDURES AROUND FEDERAL AWARDS AND THE
[00:13:39] EXPENDITURES OF THOSE FEDERAL AWARDS.
[00:13:41] THIS YEAR, WE IDENTIFIED THE AIRPORT
[00:13:43] IMPROVEMENT PROGRAM AS THE SIGNIFICANT
[00:13:46] FEDERAL AWARD. YOU CAN SEE UP THERE,
[00:13:47] 174,000,000 OF THE TOTAL 175,000,000
[00:13:51] SPENT WAS PART OF THIS IMPROVEMENT
[00:13:54] PROGRAM. AND THEN WE HAD A SPECIAL FOCUS

[00:13:56] ON COVID RELIEF FUNDING, WHERE
[00:13:58] 149,000,000 OF THAT 74 MILLION
[00:14:03] WERE RELATED TO THAT. SO, ON THE
[00:14:06] NEXT SLIDE, WE'LL GO OVER JUST SOME
[00:14:10] REQUIRED COMMUNICATIONS WE HAVE. AS THE
[00:14:13] AUDITOR, OUR RESPONSIBILITY IS TO FORM
[00:14:16] AND EXPRESS AN OPINION ABOUT WHETHER THE
[00:14:18] FINANCIAL STATEMENTS ARE FAIRLY
[00:14:19] PRESENTED. AND THEN WE ALSO PLAN AND
[00:14:23] PERFORM OUR AUDIT IN ACCORDANCE WITH
[00:14:25] GENERALLY ACCEPTED AUDITING STANDARDS AS
[00:14:27] WELL AS GOVERNMENT AUDITING STANDARDS.
[00:14:30] I DO WANT TO POINT OUT THAT THIS DOES
[00:14:31] NOT RELIEVE PORT MANAGEMENT AND THE PORT
[00:14:34] COMMISSION OF THEIR RESPONSIBILITIES TO
[00:14:37] THE ACCURATE REPORTING.
[00:14:39] OUR AUDIT WAS PERFORMED TO THE PLANNED
[00:14:42] SCOPE. THERE WEREN'T ANY CHANGES IN THAT
[00:14:44] SCOPE DURING OUR PROCEDURES AND THE TIME
[00:14:48] FRAME. I'D ALSO LIKE TO POINT OUT, NOTE
[00:14:51] ONE IN THE ANNUAL FINANCIAL REPORT WILL
[00:14:54] SUMMARIZE THE SIGNIFICANT ACCOUNTING
[00:14:56] POLICIES AND IT ALSO DISCUSSES THE
[00:14:58] IMPACT OF GAS V 87 AND THOSE NEW
[00:15:01] POLICIES THERE. AND THEN,
[00:15:05] PLEASED TO SAY THERE ARE NO
[00:15:06] DISAGREEMENTS WITH MANAGEMENT OR
[00:15:07] DIFFICULTIES ENCOUNTERED DURING THE
[00:15:09] AUDIT. IS A CLEAN AUDIT AND WE
[00:15:11] APPRECIATE MANAGEMENT'S DILIGENCE ON
[00:15:14] THAT. AND THEN ON THE NEXT SLIDE,
[00:15:18] SIMILAR, THERE WERE NO UNCORRECTED AUDIT
[00:15:21] ADJUSTMENTS IDENTIFIED AS WELL. SO CLEAN
[00:15:23] OPINION THERE, WE DIDN'T UNCOVER ANY
[00:15:27] ILLEGAL ACTS, ANYTHING LIKE THAT. THERE
[00:15:29] IS ALSO NO CONCERN WITH THE COMPANY'S
[00:15:32] ABILITY TO CONTINUE AS A GOING CONCERN
[00:15:34] FOR ONE YEAR PAST THE ISSUANCE DATE.
[00:15:37] AND THEN WE ALSO DO HAVE KIND OF
[00:15:40] TARGETED PROCEDURES TOWARDS FRAUD IN THE
[00:15:42] FINANCIAL STATEMENT AUDIT, AND THESE
[00:15:44] PROCEDURES INCLUDE TARGETED JOURNAL
[00:15:47] ENTRY TESTING, DEFERRED PAYMENT PLAN
[00:15:49] ANALYSIS, AS WELL AS INTERVIEWS WITH
[00:15:51] EXECUTIVE PERSONNEL AND PORT MANAGEMENT.
[00:15:56] JUST A COUPLE MORE THINGS. SO ON THE
[00:15:58] NEXT SLIDE, WE HAVE NEW AND UPCOMING
[00:16:02] ACCOUNTING PRONOUNCEMENTS. SO YOU NOTICE
[00:16:05] THAT THE STANDARDS THAT WERE IMPLEMENTED
[00:16:08] IN 22, THE GATSBY 87 GOT KIND OF THE
[00:16:11] MOST PUBLICITY, BUT THERE WERE OTHER
[00:16:13] STANDARDS THAT THE PORT WORKED THROUGH
[00:16:14] IMPLEMENTATION OF. ONE NOTE ON GATSBY 87
[00:16:18] IS THAT AS A RESULT OF IMPLEMENTATION OF
[00:16:21] THAT STANDARD AND BECAUSE IT HAD SUCH A
[00:16:23] SIGNIFICANT IMPACT, PARTICULARLY ON
[00:16:25] PREVIOUSLY REPORTED RESULTS FOR 2021 AND
[00:16:28] 2020, THERE IS AN EMPHASIS OF A MATTER
[00:16:32] PARAGRAPH IN OUR OPINION, WITH RESPECT
[00:16:35] TO IMPLEMENTATION OF THAT STANDARD. IT
[00:16:38] DOES NOT IMPACT THE UNMODIFIED OPINION
[00:16:40] THAT WE ISSUE, BUT IT DOES HIGHLIGHT
[00:16:42] THAT THERE'S A SIGNIFICANT NEW STANDARD

[00:16:45] THAT WAS IMPLEMENTED THAT RESTATED PRIOR
[00:16:47] PERIOD PRESENTATION. SO JUST WANTED TO
[00:16:49] HIGHLIGHT THAT FOR YOU ON THE UPCOMING
[00:16:52] ACCOUNTING PRONOUNCEMENTS. AS ALWAYS,
[00:16:54] I'D LIKE TO SAY THAT GATSBY DOESN'T SLOW
[00:16:56] DOWN. THERE'S QUITE A FEW NEW STANDARDS
[00:16:58] THAT ARE COMING UP IN THE NEXT COUPLE OF
[00:17:00] YEARS. THE BIGGER ONE,
[00:17:04] ONES THAT WE WILL BE WORKING WITH FOR 23
[00:17:06] IMPLEMENTATION IS THE GATSBY 96
[00:17:08] SUBSCRIPTION BASED INFORMATION
[00:17:10] TECHNOLOGY ARRANGEMENTS, WHICH IS VERY
[00:17:12] SIMILAR TO GATSBY 97 BUT
[00:17:16] RELATES TO SOFTWARE AS A SERVICE TYPE
[00:17:19] AGREEMENTS AND OTHER IT ARRANGEMENTS.
[00:17:22] SO MANAGEMENT IS WORKING ON THAT
[00:17:25] IMPLEMENTATION ALREADY. WE'RE TAKING A
[00:17:27] LITTLE BREATHER AFTER 87 AND WE'LL GET
[00:17:30] RIGHT BACK INTO THAT IMPLEMENTATION IN
[00:17:32] THE FALL. AND THE NEXT
[00:17:36] SLIDE IS WE ALWAYS LIKE TO
[00:17:40] ACKNOWLEDGE THE TEAM HERE AT THE PORT,
[00:17:43] NOT ONLY AFR TEAM, BUT ALSO THE
[00:17:47] INTERNAL AUDIT, THE EXECUTIVES, WE TALK
[00:17:49] WITH MANY, MANY PEOPLE THROUGHOUT THE
[00:17:52] ORGANIZATION IN AVIATION, MARITIME AND
[00:17:54] ECONOMIC DIVISION AND ALL OF THE
[00:17:56] DIFFERENT DIVISIONS. AND EVERYBODY IS
[00:17:59] VERY COLLABORATIVE, VERY OPEN IN
[00:18:01] ANSWERING OUR QUESTIONS AND PROVIDING
[00:18:03] INFORMATION. SO JUST WANT TO THANK THE
[00:18:06] PERSONNEL, EVERYONE THAT HAD CONNECTED
[00:18:08] WITH US DURING THE AUDIT OVER THE COURSE
[00:18:10] OF A FEW MONTHS AND ASSISTED US IN
[00:18:13] GETTING THE AUDIT DONE TIMELY.
[00:18:17] ALSO WANTED TO POINT OUT THAT GASB 87
[00:18:20] IMPLEMENTATION WAS JUST A HUGE, HUGE
[00:18:22] UNDERTAKING FOR THE PORT TEAM. AND AS
[00:18:24] MUCH OF WORK AS THAT WAS, THE
[00:18:27] INFORMATION WAS STILL PROVIDED TO US FOR
[00:18:29] THE AUDIT ON TIME AS WE REQUESTED. SO
[00:18:32] THAT FACILITATED US ISSUING THE REPORTS
[00:18:35] ON A VERY SIMILAR TIMELINE AS IT HAS IN
[00:18:37] THE PAST. SO THERE WERE NO DELAYS
[00:18:39] BECAUSE OF THAT BIG IMPLEMENTATION. I
[00:18:41] JUST WANTED TO COMPLIMENT THE PORT AFR
[00:18:44] TEAM ON THAT HUGE UNDERTAKING. AND AS
[00:18:47] CONNOR MENTIONED, WE DID NOT HAVE ANY
[00:18:49] AUDIT ADJUSTMENTS AS A RESULT OF OUR
[00:18:50] AUDIT, WHICH MEANS ALL OF THE
[00:18:52] INFORMATION THAT WE WERE PRESENTED WITH
[00:18:55] WAS ACCURATELY STATED FROM THE START.
[00:18:58] AND I ALWAYS LIKE TO HIGHLIGHT THAT WE
[00:19:00] DO WORK WITH SMALL BUSINESS FIRMS
[00:19:04] AS PART OF OUR AUDIT TEAM. THERE WERE
[00:19:06] THREE DIFFERENT FIRMS, ACTUALLY THAT
[00:19:08] WORKED WITH US THROUGHOUT THE 22 AUDIT,
[00:19:15] TWO OF WHICH ARE WOMEN OWNED BUSINESS
[00:19:18] ENTITIES DESIGNATED AS SUCH. SO OVERALL,
[00:19:22] 12% OF OUR TOTAL AUDIT CONTRACT WENT TO
[00:19:25] THOSE TWO FIRMS THAT ARE WOMEN OWNED.
[00:19:27] SO WE INTEND TO CONTINUE THAT
[00:19:30] RELATIONSHIP WITH THOSE FIRMS AND

[00:19:31] THEY'RE A BIG PART OF OUR TEAM.
[00:19:34] AND THAT CONCLUDES OUR PRESENTATION.
[00:19:36] THANK YOU. THANK YOU BOTH FOR PRESENTING
[00:19:41] AND THANKS TO THE ENTIRE MOSS ADAMS
[00:19:44] TEAM. IT'S ALWAYS GOOD TO HEAR THAT WE
[00:19:46] HAD A CLEAN AUDIT, ESPECIALLY
[00:19:48] CONSIDERING WITH ALL THE FEDERAL COVID
[00:19:50] \$19 THAT WERE INCLUDED IN THOSE AUDITS.
[00:19:53] SO REALLY APPRECIATE THE WORK THAT YOU
[00:19:55] DO AND THANKS TO ALL OF OUR PORT STAFF
[00:19:57] WHO PARTICIPATED AND SUPPORTED YOU GUYS
[00:19:59] THROUGH THAT PROCESS. ARE THERE ANY
[00:20:01] QUESTIONS FROM OUR COMMITTEE MEMBERS AT
[00:20:04] THIS TIME? I HAVE TWO QUICK QUESTIONS,
[00:20:06] IF THAT'S OKAY. YES, PLEASE. THE FIRST
[00:20:09] QUESTION I HAVE IS, WHEN WE DO OUR NPV
[00:20:11] CALCULATIONS, WHAT'S THE TIME PERIOD
[00:20:13] THAT WE CONSIDER, OR IS IT JUST LIKE THE
[00:20:15] LIFE OF THE LEASE OR HOW IT
[00:20:20] DOES TAKE INTO ACCOUNT THE LIFE OF THE
[00:20:22] LEASE? AND THE LIFE OF THE LEASE IS
[00:20:25] DEFINED BY THE ORIGINAL TERM OF THE
[00:20:27] LEASE AND ANY EXTENSION PERIODS THAT ARE
[00:20:31] CERTAIN TO BE EXERCISED DURING THAT.
[00:20:34] SO IT'S NOT JUST THE AGREEMENT PERIOD.
[00:20:36] THERE'S ADDITIONAL TERMS THAT ARE
[00:20:38] INCLUDED TO THAT, WHICH WAS PART OF THE
[00:20:40] CHALLENGE IN IDENTIFYING WHAT IS THE
[00:20:42] CORRECT PERIOD FOR THAT CALCULATION.
[00:20:44] FOR EVERY SINGLE CONTRACT, THE PORT TEAM
[00:20:46] HAD TO GO THROUGH, READ THOSE CONTRACTS,
[00:20:48] IDENTIFY THE CORRECT PERIODS THAT WOULD
[00:20:51] BE INCLUDED IN THAT CALCULATION. SO,
[00:20:54] FOR INSTANCE, IF WE HAVE A TEN YEAR
[00:20:55] LEASE WITH THREE TWO YEAR EXTENSIONS,
[00:20:57] THEN YOU WOULD COUNT THOSE EXTRA
[00:21:01] SIX YEARS? THAT IS CORRECT. A
[00:21:03] COMMISSIONER SHOW ONLY IF WE DETERMINE
[00:21:05] TO BE HAPPENING. IT'S NOT JUST AN OPTION
[00:21:08] SITTING OUT THERE. I'M SORRY. THANK YOU
[00:21:11] FOR RECOGNIZING ME, MADAM CHAIR. I'M
[00:21:13] RUDY KALUZA, AFR DIRECTOR, ACCOUNTING,
[00:21:15] FINANCIAL REPORTING. THANK YOU FOR THE
[00:21:17] QUESTION, COMMISSIONER CHO. AND JUST AS
[00:21:19] OLGA MENTIONED A LITTLE EARLIER, IS WE
[00:21:21] HAVE TO MAKE A JUDGMENT CALL IN TERMS OF
[00:21:23] IS IT LIKELY TO HAPPEN OR NOT? AND THESE
[00:21:26] EXTENSIONS ARE LIKELY TO HAPPEN. THEY
[00:21:27] WILL FACTOR THEM IN THE NET PRESENT
[00:21:29] VALUE CALCULATION. IF NOT SO THAT'S THE
[00:21:32] SCRUTINY WE RECEIVED FROM MOSS ADAMS AS
[00:21:33] WELL. I SEE. AND THEN LASTLY, WHEN IT
[00:21:36] COMES TO AUDITING, THINGS LIKE PFCS,
[00:21:38] HOW MUCH OVERLAP, IF ANY, IS THERE WITH
[00:21:40] ANY AUDITS WE MIGHT HAVE WITH THE FAA?
[00:21:44] IS IT SOMETHING THAT WE REPLICATE,
[00:21:47] SOMETHING WE CAN JUST PASS ON? OR ARE
[00:21:49] THEY TWO COMPLETELY SEPARATE AUDITS THAT
[00:21:51] WE MAY HAVE TO UNDERTAKE?
[00:21:55] THEY ARE SEPARATE AUDITS. SO THE PFC
[00:21:57] AUDIT THAT WE ARE PERFORMING IS REQUIRED
[00:22:00] BY FAA TO BE COMPLETED ANNUALLY IN
[00:22:03] ACCORDANCE WITH THE CRITERIA THAT THEY

[00:22:05] HAVE SET. THEY GENERALLY COME AND
[00:22:08] PERFORM THEIR AUDITS AT SPECIFIC TIMES.
[00:22:11] SO AT THE COMPLETION OF, FOR EXAMPLE,
[00:22:12] OF A CERTAIN APPLICATION OR FOR OTHER
[00:22:16] NON FINANCIAL AUDITS. SO THEY'RE NOT
[00:22:18] DEFINITELY NOT. SO IT'S NOT A DELEGATED
[00:22:20] AUDIT WHERE WE SEND THEM OUR AUDIT
[00:22:22] REPORT AND SAY, CHECK OFF THE BOX. THE
[00:22:25] FAA ACTUALLY COMES AND PERFORMS THE
[00:22:28] AUDIT THEMSELVES, NOT THE PFC AUDIT?
[00:22:31] NO, THEY RELY ON OUR REPORT THAT IS
[00:22:33] SUBMITTED TO THEM EVERY YEAR AFTER IT'S
[00:22:35] COMPLETED. CORRECT. OKAY, GREAT. OKAY.
[00:22:37] THAT'S WHAT I WANT. THANK YOU.
[00:22:38] COMMISSIONER [inaudible 00:22:39] , CLARIFY,
[00:22:40] PLEASE. THANK YOU FOR RECOGNIZING ME.
[00:22:42] YES, THESE ARE REQUIRED AUDITS BY THE
[00:22:44] FEDERAL AGENCIES, AND THEREFORE, WE'RE
[00:22:46] REQUIRED AS A PORT ENTITY TO OBTAIN
[00:22:49] INDEPENDENT AUDITOR ENGAGEMENT WITH
[00:22:52] REGARD TO THIS. AND THIS PROVIDES THE
[00:22:54] CREDIBILITY TO THE PUBLIC WITH REGARD TO
[00:22:56] ACCOUNTABILITY AS IT RELATES TO
[00:22:58] PASSENGER FACILITY CHARGE REVENUES. AND
[00:23:00] WE'RE TALKING A LOT, AS WELL AS EVEN THE
[00:23:02] SINGLE AUDIT, WHICH COVERS THE MAJOR
[00:23:04] FEDERAL GRANT PROGRAMS AS WELL. BUT THE
[00:23:06] MANDATORY REQUIREMENT IS THAT WE OBTAIN
[00:23:10] INDEPENDENT AUDITOR OBSERVATION AND
[00:23:12] SCRUTINY. AND COMMISSIONER
[00:23:16] CHO, IF I CAN ADD ONE MORE COMMENT,
[00:23:19] I BELIEVE BECAUSE THE FAA REQUIRES THESE
[00:23:21] AUDITS AND MOSS ADAMS IS DOING THESE
[00:23:24] AUDITS, THERE'S NO DUPLICATION. THE FAA
[00:23:27] IS RELYING ON THEIR WORK, AND THEY'RE
[00:23:28] ASKING THEM. GREAT. YEAH, THAT'S WHAT I
[00:23:30] WAS CURIOUS ABOUT. THANK YOU. ANY OTHER
[00:23:34] ADDITIONAL QUESTIONS? YEAH. RECOGNIZE
[00:23:36] MADAM CHAIR. ABSOLUTELY. GO FOR IT.
[00:23:38] THANK YOU SO MUCH. I JUST WANT TO
[00:23:40] EMPHASIZE, SINCE THIS IS PUBLIC
[00:23:43] VISIBILITY, THAT THE PORT OF SEATTLE
[00:23:46] REALLY NEEDS TO BE VERY PROUD OF OUR
[00:23:47] COLLEGE MISSIONS HERE. THIS IS A HUGE
[00:23:49] AUDIT. IT'S ON OUR FINANCIAL STATEMENTS.
[00:23:52] WE'RE TALKING ABOUT OVER A BILLION
[00:23:54] DOLLARS COMING IN, BILLION DOLLARS GOING
[00:23:56] OUT ANNUALLY, AS WELL AS ABOUT 10
[00:23:57] BILLION IN CAPITAL ASSETS AND ALL OF THE
[00:24:00] COMPLEXITIES RELATED TO THE INDUSTRY
[00:24:02] PRESCRIBED ACCOUNTING STANDARDS. WE'RE
[00:24:04] REQUIRED TO COMPLY TO THE T, AND WE'RE
[00:24:06] AUDITED TO THAT LEVEL OF SCRUTINY, BUT
[00:24:09] ALSO TO ALSO ENSURE INDEPENDENCE AND
[00:24:13] CREDIBILITY OF MOSS ADAMS AUDITS. STATE
[00:24:15] AUDITOR'S OFFICE GOES TO MOSS ADAMS
[00:24:17] OFFICES AND REVIEW THEIR AUDIT WORK
[00:24:19] PAPERS AS WELL TO VALIDATE THAT THE
[00:24:21] AUDIT WAS CONDUCTED IN ACCORDANCE WITH
[00:24:23] RCW REVISED CODE OF WASHINGTON
[00:24:25] EXPECTATIONS, WHICH PRESCRIBED IN
[00:24:27] ACCORDANCE WITH INDUSTRY PRESCRIBED
[00:24:29] ACCOUNTING STANDARDS AS WELL. SO THIS IS

[00:24:32] SOMETHING TO BE VERY PROUD OF, BUT IT'S
[00:24:33] ALSO A DEMONSTRATION OF ACTUALIZING,
[00:24:36] WHERE IT STARTS FROM THE TOP. THE
[00:24:38] PRIORITY SET BY THE PORT COMMISSION
[00:24:39] YOURSELVES WITH REGARD TO ENSURING THAT
[00:24:41] WE DEMONSTRATE FINANCIAL TRANSPARENCY,
[00:24:45] PUBLIC ACCOUNTABILITY, ALL THAT
[00:24:48] RESPONSIBILITY WE ALL HAVE AS PORT
[00:24:49] EMPLOYEES AND ELECTED OFFICIALS. AND
[00:24:52] WE'RE ABLE TO ACTUALIZE THAT TO A VERY
[00:24:53] CLEAN DEGREE. AND I'D LIKE TO
[00:24:55] ACKNOWLEDGE THE TEAM MEMBERS OF
[00:24:57] ACCOUNTING FINANCIAL REPORTING, ALL 60
[00:24:59] OF THE TEAM MEMBERS. THEY WORK SO HARD
[00:25:02] TO MEET YOUR EXPECTATIONS AT THE POLICY
[00:25:04] LEVEL. ALONG WITH OUR EXECUTIVE DIRECTOR
[00:25:06] METRUCK AND CHIEF FINANCIAL OFFICER DAN
[00:25:08] THOMAS, THIS IS THE TONE THAT SET AT THE
[00:25:10] TOP, AND WE ARE VERY DEDICATED PUBLIC
[00:25:13] SERVANTS TO MAKE SURE WE MEET THAT
[00:25:14] EXPECTATION ON PART OF THE COMMISSION.
[00:25:16] SO THANK YOU SO MUCH FOR GIVING US THAT
[00:25:19] GUIDANCE AND THE OPPORTUNITY TO BE
[00:25:21] RECOGNIZED AS WELL WHEN WE DO
[00:25:22] EXCEPTIONAL WORK. THANK YOU. MADAM CHAIR
[00:25:24] AND COMMISSIONER CHO AND PUBLIC MEMBER
[00:25:26] HOMESTROM. THANK YOU. THANK YOU SO MUCH
[00:25:28] FOR YOUR COMMENTS AND IT'S ALL FACTUAL
[00:25:32] AND TRUE AND REALLY DO APPRECIATE THE
[00:25:34] WORK THAT YOUR TEAM HAS DONE AND THE
[00:25:36] ENTIRE TEAM AT THE PORT WHO'VE WORKED ON
[00:25:37] THIS AUDIT. AND THANK YOU TO THE MOSS
[00:25:39] ADAMS TEAM FOR THE WORK THAT YOU ALL
[00:25:41] HAVE DONE. DIRECTOR FERNANDEZ, DO YOU
[00:25:43] HAVE ANY THOUGHTS? I DON'T. I DO WANT TO
[00:25:46] SAY CONGRATULATIONS TO THE AFR FINANCE
[00:25:48] TEAM AND DAN THOMAS'S ENTIRE
[00:25:50] ORGANIZATION. THANK YOU.
[00:25:53] GREAT. SO IF THERE'S NO ADDITIONAL
[00:25:55] QUESTIONS FOR THE PRESENTERS, I WILL BE
[00:25:57] MOVING US ON TO THE NEXT ITEM. ITEM
[00:26:00] NUMBER FOUR ON OUR AGENDA IS THE OPEN
[00:26:02] ISSUE STATUS. DIRECTOR FERNANDEZ,
[00:26:05] PLEASE PROCEED WITH THE UPDATES. THANK
[00:26:07] YOU, COMMISSIONER MOHAMMED.
[00:26:09] COMMISSIONER MOHAMMED. BEFORE I EVEN
[00:26:11] MOVE TO THE FIRST SLIDE, I WANT TO KIND
[00:26:13] OF POINT OUT THAT RECENTLY WE HAD BRUCE
[00:26:16] CLAUSAL, WHO IS OUR IT AUDIT MANAGER
[00:26:18] RETIRE. AND HE BUILT A LOT AND DONE A
[00:26:21] LOT. SO WE WENT THROUGH THIS RECRUITING
[00:26:23] PROCESS EXTERNALLY AND WE FOUND THE BEST
[00:26:27] CANDIDATE FOR THE JOB. LUCKILY, IT CAME
[00:26:29] INTERNALLY. IT'S RIDICA MARWAHA,
[00:26:31] WHO'S IN THE BACK THERE? WHO'S OUR NEW
[00:26:33] IT AUDIT MANAGER. CONGRATULATIONS.
[00:26:41] WITH THAT, I'LL MOVE TO THE NEXT SLIDE,
[00:26:44] PLEASE, MICHELLE,
[00:26:48] ONE OF THE KEY ITEMS, COMMISSIONERS ON
[00:26:51] ITEM FOUR. THIS IS THE ITEM, THE FIRST
[00:26:53] ITEM, WE'LL BE DISCUSSING OPEN ISSUES.
[00:26:56] ONE OF THE THINGS WE DO AUDITS AND WHEN
[00:26:59] THE AUDITS ARE DONE, WE DON'T WANT THE

[00:27:01] REPORTS TO BE PUT ON A SHELF AND NOBODY
[00:27:05] TO FOLLOW UP ON THEM ANYMORE AND NOTHING
[00:27:07] TO BE DONE. SO WE MAKE SURE THOSE
[00:27:09] CONTROL WEAKNESSES ARE CLOSED OUT AND
[00:27:12] CLEANED UP. SO AT THE END OF THE DAY,
[00:27:14] WE GET CLEAN AUDITS FROM MOSS ADAMS AND
[00:27:16] FROM EVERY OTHER AGENCY THAT COMES IN.
[00:27:19] SO WE'RE THE LAST LINE OF DEFENSE BEFORE
[00:27:22] IT FALLS OVER TO THEM. AND EXTERNAL
[00:27:24] AGENCIES, WE HAVE A FEW OPEN ONES. MOST
[00:27:27] OF THEM, I'M HAPPY TO SAY, ARE BEING
[00:27:28] ADDRESSED. I BELIEVE THERE'S
[00:27:33] SEVERAL THAT ARE IN IT THAT I'LL TALK
[00:27:35] ABOUT FROM A VERY HIGH LEVEL, BUT
[00:27:37] THEY'LL BE DISCUSSED IN NON PUBLIC
[00:27:38] SESSION IN A LITTLE MORE DETAIL IN THIS
[00:27:41] SEPTEMBER AUDIT COMMITTEE MEETING. WE
[00:27:43] DON'T HAVE ANY IT AUDITS TO DISCUSS
[00:27:47] TODAY, SO WE'VE DEFERRED EVERYTHING TO
[00:27:50] SEPTEMBER AND WE'LL HAVE NON PUBLIC
[00:27:51] SESSION DECEMBER, SO EVERYTHING'S GOING
[00:27:53] TO BE PUBLIC TODAY. CONSULT THE RE
[00:27:57] TWO POLICY AND SURETY AMOUNT REVIEW.
[00:27:59] THERE'S AN ACTION THAT NEEDS TO COME TO
[00:28:01] THE COMMISSION. AND THIS IS PRIMARILY
[00:28:03] THERE'S BEEN A LOT OF CHANGE BECAUSE OF
[00:28:06] COVID AND THE AMOUNT OF SURETY OR THE
[00:28:10] DEPOSITS THAT CONCESSIONNAIRES MAKE WITH
[00:28:13] THE PORT. THERE'S BASICALLY THE RCW THAT
[00:28:15] SAYS YOU HAVE TO HAVE THIS AMOUNT AND
[00:28:18] THE COMMISSION CAN OVERRIDE IT AND SAY A
[00:28:20] DIFFERENT AMOUNT. WELL, RIGHT NOW WE'RE
[00:28:21] NOT COMPLYING WITH EITHER, SO WE NEED TO
[00:28:24] GET THAT BACK TO THE COMMISSION OR
[00:28:26] MANAGEMENT DOES TO BASICALLY ASSURE
[00:28:30] THAT THE SURETY THAT WE HAVE FROM OUR
[00:28:32] CONCESSIONNAIRES ARE IN LINE
[00:28:36] WITH WHAT THE COMMISSION'S DIRECTED OR
[00:28:37] THE RCW IS DIRECTED. THE OTHER
[00:28:41] ISSUE THAT WE HAVE THAT'S BEEN OPENED IS
[00:28:43] ARCHITECTURAL AND ENGINEERING THE FAIR
[00:28:46] AND REASONABLE RATE DETERMINATIONS. THE
[00:28:49] RCW SAYS YOU PICK THE BEST QUALIFIED
[00:28:51] CANDIDATE AND THEN YOU DETERMINE A FAIR
[00:28:54] AND REASONABLE RATE. AND IF YOU CAN'T
[00:28:55] COME TO AN AGREEMENT AS TO WHAT A FAIR
[00:28:57] AND REASONABLE RATE IS, THEN YOU GO TO
[00:28:59] THE NEXT PERSON AND YOU NEGOTIATE WITH
[00:29:01] THEM. WELL, THE PORT HAS SOME BROKEN
[00:29:03] PROCESSES THAT THEY'RE WORKING ON AND
[00:29:05] DETERMINING WHAT A FAIR AND REASONABLE
[00:29:07] RATE IS. WE'VE HAD AN AUDIT THAT WAS A
[00:29:09] COUPLE OF YEARS OLD THAT IT'S STILL BEEN
[00:29:12] OPENED PRIMARILY. A LOT OF THINGS GOT
[00:29:15] SLOWED DOWN BECAUSE OF COVID BUT IT IS
[00:29:17] IN THE PIPELINE NOW AND WE ARE WORKING
[00:29:19] WITH CPO TO MAKE SURE THAT THAT IS
[00:29:21] ADDRESSED BECAUSE IT'S A SIZABLE AMOUNT
[00:29:23] OF MONEY. IF YOU LOOK AT ARCHITECTURAL
[00:29:27] AND ENGINEERING COSTS, YOU'RE LOOKING
[00:29:29] ABOUT 10% TO 20% OF YOUR CAPITAL BUDGET.
[00:29:31] SO IT'S A SIZABLE CHUNK OF CHANGE.
[00:29:34] THAT SAID, ON OPEN ISSUES, WE HAVE

[00:29:36] CLOSED DOWN QUITE A FEW AS FAR AS THE
[00:29:40] REST OF THE ORGANIZATION GOES. BUT WE'LL
[00:29:42] KEEP THESE OPENED UNTIL THEY'RE
[00:29:44] ADDRESSED TO THE COMMITTEE SATISFACTION
[00:29:46] AND TO AUDIT SATISFACTION. NEXT SLIDE,
[00:29:50] PLEASE, MICHELLE. AND COMMISSIONERS, I
[00:29:52] BELIEVE, ON OPEN ISSUE FOLLOW UP.
[00:29:55] THAT'S ITEM FOUR. THAT'S IT. SO IF
[00:29:57] THERE'S ANY QUESTIONS, PLEASE FEEL FREE
[00:29:59] TO JUMP IN. THANK YOU, DIRECTOR
[00:30:03] FERNANDEZ, FOR THE PRESENTATION. ARE
[00:30:05] THERE ANY QUESTIONS FOR MY COMMITTEE
[00:30:07] MEMBERS? SARAH? YEAH, I HAVE A QUESTION.
[00:30:10] OR I GUESS MAYBE JUST A COMMENT. I FEEL
[00:30:12] LIKE WHEN WE GO THROUGH THESE, IT'S KIND
[00:30:15] OF ALARMING TO LOOK AT THE LARGEST BAR
[00:30:19] GRAPH IS IN THE PORT THAN TWO YEARS OLD.
[00:30:21] SO I'M WONDERING IF THERE WOULD BE A WAY
[00:30:22] TO MAYBE SPLIT OUT SOME OF THESE TO
[00:30:27] IN PROGRESS, SOMETHING'S ACTUALLY BEING
[00:30:29] DONE ON IT VERSUS NOTHING'S HAPPENING.
[00:30:31] BECAUSE SOMETHING I'VE NOTICED IS AS WE
[00:30:34] CONTINUE TO LOOK AT THESE, WE CONTINUE
[00:30:36] TO SEE THEM SITTING IN THIS STILL OPEN.
[00:30:39] AND IT WOULD BE REALLY HELPFUL TO KNOW,
[00:30:41] IS THERE ACTUALLY PROGRESS BEING MADE?
[00:30:43] LIKE SOMETHING'S HAPPENING. WE'RE
[00:30:44] WORKING ON THIS, IT'S JUST TAKING TIME
[00:30:46] VERSUS WE HAVEN'T EVEN LOOKED AT THIS
[00:30:48] AND IT HAPPENED MORE THAN TWO YEARS AGO.
[00:30:50] THOSE ARE TWO VERY DIFFERENT SITUATIONS
[00:30:52] IN MY MIND. AND BE REALLY HELPFUL TO BE
[00:30:54] ABLE TO SEE WHERE THESE ACTUALLY LAND.
[00:30:57] YEAH, ABSOLUTELY.
[00:31:01] I'M HAPPY TO REPORT THAT MOST OF THESE,
[00:31:05] WHEN WE DON'T HAVE A BLOCK UP TOP, WE
[00:31:08] TRY TO PUT IN THE NOTES WHETHER THEY'RE
[00:31:09] BEING WORKED ON OR NOT. AND MOST OF THEM
[00:31:12] ARE ACTIVELY BEING WORKED ON. BUT WE
[00:31:13] WILL DO A BETTER JOB OF SPLITTING THAT
[00:31:15] OUT. I THINK THAT'S A GREAT IMPROVEMENT.
[00:31:18] OPPORTUNITY ADDITION. ANOTHER THING I
[00:31:21] THINK I MIGHT ALSO ADD IS I'LL PROVIDE
[00:31:23] YOU WITH A TREND YEAR, MONTH OVER MONTH
[00:31:25] SO YOU CAN SEE IF IT'S GOING UP OR DOWN
[00:31:27] IN THE PRIME MONTH. THOSE ARE REALLY
[00:31:30] GREAT POINTS. ANY OTHER QUESTIONS?
[00:31:34] GREAT. SO I CAN THEN MOVE US ON TO ITEM
[00:31:36] NUMBER FIVE ON THE AGENDA, WHICH IS THE
[00:31:40] 2023 AUDIT PLAN UPDATE.
[00:31:43] OKAY, COMMISSIONER,
[00:31:47] SO ON THIS, THIS IS A SNAPSHOT ON WHERE
[00:31:50] WE ARE ON ALL OUR AUDITS, ACTUALLY,
[00:31:52] THAT WE'VE GOT APPROVED AND WE PLAN ON
[00:31:54] DOING. I'LL GO THROUGH A SLIDE AS TO
[00:31:57] WHICH ONES WE'VE COMPLETED AND WHICH
[00:31:59] ONES ARE STILL OPENED. BUT WE
[00:32:02] TRY TO BREAK OUR AUDITS DOWN TO THREE
[00:32:04] MAJOR CATEGORIES. LIMITED CONTRACT
[00:32:07] COMPLIANCE AUDITS THAT ARE IN THE GREEN.
[00:32:09] THOSE ARE ESSENTIALLY CONCESSIONNAIRES
[00:32:11] AT THE AIRPORT, AND THAT'S A LITTLE OVER
[00:32:14] \$100 MILLION IN REVENUE IN LEASE AND

[00:32:16] CONCESSION AUDITS THAT COME TO THE PORT.
[00:32:19] AND A LOT OF IT IS SELF REPORTED. SO
[00:32:23] THEY'LL SEND IN THEIR INFORMATION AND
[00:32:26] WE'LL BILL BASED ON THEIR FINANCIAL
[00:32:28] NUMBERS. SO ONE OF THE KEY CONTROLS THAT
[00:32:31] WE HAVE IS AS AN INTERNAL AUDIT
[00:32:34] FUNCTION, WE GO OUT AND WE LOOK AT THESE
[00:32:36] ORGANIZATIONS AND MAKE SURE THAT THEIR
[00:32:38] FINANCIALS AND WHAT THEY'RE SUBMITTING
[00:32:40] IS ACTUALLY WHAT THEY PAID. SO WE TRY TO
[00:32:43] COVER AT LEAST THE LARGER ONES EVERY
[00:32:46] THREE TO FIVE YEARS OR SO AND THE
[00:32:48] SMALLER ORGANIZATIONS IN A LITTLE LARGER
[00:32:52] TIME FRAME. BUT WE ARE WORKING ON
[00:32:54] SPEEDING UP THE PROCESS AND ADDING MORE
[00:32:56] AND BECOMING A LITTLE MORE EFFICIENT
[00:32:57] THERE. BUT WE ARE GETTING QUITE A LOT OF
[00:33:00] COVERAGE THERE.
[00:33:04] PERFORMANCE AUDITS ARE BROKEN OUT INTO
[00:33:07] TWO SECTIONS, THE TOP OR THE
[00:33:10] OPERATIONAL TYPE AND THE BOTTOM OF THE
[00:33:12] CAPITAL. DAN CHASE IS THE MANAGER THAT
[00:33:15] DOES THE OPERATIONAL AUDITS AND SPENCER
[00:33:17] BRIGHT DOES THE CAPITAL AUDITS.
[00:33:21] A LOT OF THE CAPITAL AUDITS THAT YOU SEE
[00:33:23] NOW ARE MANDATED BY THE RCW. IF THERE'S
[00:33:27] A GCCM OR GENERAL CONTRACTOR
[00:33:30] CONSTRUCTION MANAGER TYPE PROJECT,
[00:33:32] WHICH IS FOUR OUT OF THE SIX OVER THERE,
[00:33:35] WE HAVE TO AUDIT THEM FOR THE RCW, AN
[00:33:38] INDEPENDENT AUDIT HAS TO BE DONE. AND
[00:33:40] ALTHOUGH WE HAVE AN OUTSIDE FIRM THAT
[00:33:42] WORKS WITH US, WE HAVE TO GET COVERAGE
[00:33:45] THERE. AND THEN FINALLY, ON THE IT
[00:33:48] AUDITS, I THINK YOU HEARD BOTH
[00:33:52] FROM CONNOR TODAY ABOUT CYBER RISK FROM
[00:33:56] MOSS ADAMS BEING A KEY THREAT. AND EVEN
[00:33:59] YESTERDAY IN THE BUDGET RETREAT, ONE OF
[00:34:02] THE MAJOR THREATS IS THE CYBERSECURITY
[00:34:04] RISK. AND I THINK ONE OF THE POINTS
[00:34:06] THAT'S POINTED OUT IS THAT AN OPERATIONS
[00:34:09] TECHNOLOGY ON THE MARITIME SIDE,
[00:34:12] THREATS HAVE INCREASED 900% YEAR OVER
[00:34:14] YEAR. AND IT'S JUST BECAUSE
[00:34:17] STANDARDIZATION OF PLATFORMS HAVE
[00:34:19] CREATED AN EASIER PLATFORM FOR
[00:34:21] CYBERCRIMINALS. SO WE SPEND A LOT OF
[00:34:23] TIME THERE. AND RIDICA MARWAHA
[00:34:27] AND HER TEAM WILL BE COVERING THESE
[00:34:30] AREAS AND MAKING SURE, WORKING WITH IT,
[00:34:33] OUR AUDITS ARE JUST TO MAKE SURE THAT WE
[00:34:35] HAVE CONTROLS IN PLACE.
[00:34:39] SO I THINK IF YOU DO THESE CIS AUDITS,
[00:34:42] WHICH IS A BULK OF WHAT WE DO, THEY SAY
[00:34:44] SOMETHING LIKE 90% OF THE THREATS CAN BE
[00:34:46] BLOCKED, KNOWN THREATS. SO CRITICALNESS
[00:34:51] OF DOING THAT. NEXT SLIDE, PLEASE,
[00:34:52] MICHELLE.
[00:34:56] AND THIS IS A QUICK GANTT CHART,
[00:34:58] COMMISSIONER, THAT SHOWS YOU WHERE WE
[00:35:00] STAND. THE GREEN ITEMS ARE COMPLETED,
[00:35:03] THE YELLOW ONES ARE IN PROCESS, AND THE
[00:35:08] PINKISH ORANGEISH ONES ARE PLANNED

[00:35:12] AND SCHEDULED FOR THE REST OF THE YEAR.
[00:35:13] SO AS OF RIGHT NOW, WE'RE HOPING TO BE
[00:35:16] ABLE TO COMPLETE THE AUDIT PLAN, WHAT
[00:35:18] WE'VE PROPOSED TO DO, AND I'LL ADVISE
[00:35:21] YOU IN SEPTEMBER IF ANYTHING'S SLIPPING
[00:35:23] INTO NEXT YEAR. BUT AS OF RIGHT NOW, IT
[00:35:25] LOOKS LIKE WE'RE ON TRACK WITH
[00:35:29] EVERYTHING. OKAY, COMMISSIONER, THAT
[00:35:31] CONCLUDES THE AUDIT PLAN ITEM. PASS IT
[00:35:34] BACK TO YOU. GREAT. ARE THERE ANY
[00:35:37] QUESTIONS FROM MY COMMITTEE MEMBERS?
[00:35:40] ALL RIGHT, I'LL MOVE US ON TO ITEM
[00:35:43] NUMBER SIX ON THE AGENDA, WHICH IS THE
[00:35:46] UPDATE ON THE PORT WIDE PAYROLL
[00:35:48] CONTROLS. DIRECTOR FERNANDEZ. PLEASE
[00:35:51] PROCEED. THANK YOU, COMMISSIONER. AND
[00:35:53] FOR THIS, I'M GOING TO ASK RUMI OKUMA,
[00:35:55] WHO'S ONE OF THE INTERNAL AUDITORS ON
[00:35:59] OUR TEAM, SENIORS THAT BASICALLY DID
[00:36:02] THIS AUDIT. SO I'M GOING TO PARTNER WITH
[00:36:03] HER AND SHE'S GOING TO DO A LITTLE BIT
[00:36:05] OF THE SPEAKING AS WELL. I'LL OPEN IT
[00:36:07] UP. AND I BELIEVE WE HAVE MANAGEMENT
[00:36:13] FROM THE AIRPORT, FROM AVIATION
[00:36:15] MAINTENANCE ON TEAMS TODAY. TODAY IS
[00:36:17] SUPPOSED TO BE ONE OF THE AIRPORT'S
[00:36:19] BUSIEST DAYS, SO I BELIEVE THEY'RE GOING
[00:36:22] TO ANSWER QUESTIONS FROM TEAMS, FROM THE
[00:36:25] COMMITTEE. SO ONE
[00:36:29] OF THE AUDITS THAT WE DID NEXT SLIDE,
[00:36:31] PLEASE, MICHELLE. WAS WE LOOKED AT OUR
[00:36:34] PAYROLL SYSTEMS. WE SPEND A LOT OF MONEY
[00:36:36] IN PAYROLL, AND ONE OF OUR BIGGEST
[00:36:38] OPERATIONAL EXPENSES IS PAYROLL. AND THE
[00:36:41] PEOPLE AND THE PORT IS VERY, VERY
[00:36:43] COMPLICATED. WE HAVE LABOR CONTRACTS,
[00:36:46] WE HAVE REPRESENTED WORKFORCE,
[00:36:50] NON REPRESENTED WORKFORCE,
[00:36:53] AND A LOT OF COMPLEXITY THAT ADDS TO
[00:36:58] RISK AND THE WORKLOAD.
[00:37:01] SO WE WANTED TO LOOK AT CONTROLS AND WE
[00:37:05] WANTED TO MAKE SURE THAT BOTH
[00:37:06] PREVENTATIVE DETECTIVE CONTROLS WERE
[00:37:08] FUNCTIONING EFFECTIVELY. WE ALSO WANTED
[00:37:11] TO MAKE SURE THAT SOME OF THE BASIC
[00:37:13] THINGS THAT YOU SEE IN PAYROLL RISKS
[00:37:16] WERE ADDRESSED AND THAT RUDY KALUZA
[00:37:20] AND AYE. TEAM AND THE REST OF THE
[00:37:22] ORGANIZATION HAD THOSE CONTROLS IN
[00:37:25] PLACE. AND OUR COMMENTS IN GENERAL,
[00:37:28] THOSE KEY CONTROLS WERE IN PLACE. THEY
[00:37:31] WERE WELL DESIGNED AND OPERATING
[00:37:32] EFFECTIVELY. BUT WE DID FIND SOME ISSUES
[00:37:36] THAT WE'RE GOING TO TALK ABOUT, NOT
[00:37:38] NECESSARILY IN AFR, BUT THEY'RE VERY
[00:37:40] DEPENDENT ON THE ENTIRE ORGANIZATION.
[00:37:42] AND THIS IS AN ORGANIZATIONAL WIDE
[00:37:43] AUDIT. SO IF SOMETHING ISN'T WORKING,
[00:37:47] SOMEWHERE DOWN THE LINE, IT JUST FLOWS
[00:37:49] UP INTO THE PAYROLL SYSTEMS. SO WE'LL
[00:37:51] TALK A LITTLE BIT ABOUT THAT AS WELL,
[00:37:53] NEXT SLIDE PLEASE, MICHELLE.
[00:37:58] AS YOU CAN SEE AND I ALLUDED TO SOME OF

[00:38:01] THESE THINGS IN THE PREVIOUS SLIDE WE
[00:38:03] HAVE ABOUT 2500 FULL TIME EMPLOYEES THAT
[00:38:07] SPORTS GOT TO PAY AND THAT AMOUNTS TO
[00:38:09] ABOUT \$317,000,000 IN THE
[00:38:13] YEAR, WHICH IS A HUGE AMOUNT
[00:38:15] REPRESENTING 67% OF OUR OPERATING
[00:38:17] EXPENSES. SO VERY LARGE AMOUNTS. WE USE
[00:38:22] SOMETHING CALLED HCM OR THE HUMAN
[00:38:24] CAPITAL MANAGEMENT SYSTEM WHICH IS A
[00:38:27] PEOPLESOFT SYSTEM TO TRACK AND PAY
[00:38:31] OUR PAYROLL TAXES. PAYROLL PAYCHECKS
[00:38:34] ESSENTIALLY HOURS WORKED AND EVERYTHING
[00:38:37] ARE TRACKED IN THIS SYSTEM.
[00:38:40] HOWEVER, THERE ARE SUBSYSTEMS SUBSIDIARY
[00:38:42] SYSTEMS THAT FEED INTO HCM AND WE'VE GOT
[00:38:46] MAXIMO WHICH IS FOR AVIATION MAINTENANCE
[00:38:48] AND MARITIME MAINTENANCE, TWO DIFFERENT
[00:38:51] VERSIONS OF THAT. BUT INFORMATION THAT
[00:38:53] YOUR HOURS ARE PUT IN THERE AND THEY
[00:38:55] FEED UP INTO HCM AND PAYCHECKS ARE CUT.
[00:38:57] BASED ON THAT. THE FIRE DEPARTMENT HAS
[00:39:00] THEIR OWN SYSTEM AND THE POLICE
[00:39:02] DEPARTMENT HAS THEIR OWN SYSTEM. AND ONE
[00:39:04] OF THE THINGS WE HEARD IN THE PUGET
[00:39:06] RETREAT YESTERDAY IS WE OPERATE IN SILOS
[00:39:08] AND WE HAVE DIFFERENT SYSTEMS THAT ADD
[00:39:10] TO THE COMPLEXITY OF THE PORT AND RUMI
[00:39:14] WILL TALK A LITTLE BIT ABOUT THAT. BUT
[00:39:16] HAVING THESE MULTIPLE SYSTEMS LIKE
[00:39:18] PLANET TELES AND YAKIMA WHILST THEY ALL
[00:39:22] HAVE THEIR NEEDS, THEY ADD TO COMPLEXITY
[00:39:25] AND A LOT OF THAT INFORMATION HAS TO BE
[00:39:28] MANUALLY ENTERED AND IT JUST BECOMES
[00:39:32] VERY CHALLENGING BUT IT IS BEING DONE.
[00:39:36] MAXIMO, THE LAST BULLET POINT IS THE
[00:39:38] ONLY ONE OF THE THREE THAT'S ACTUALLY
[00:39:39] CURRENTLY INTERFACED WITH HCM.
[00:39:41] EVERYTHING ELSE HAS TO BE MANUALLY
[00:39:42] ENTERED, WHICH RUBIO TALK ABOUT. WE HAVE
[00:39:46] THREE ISSUES AND ONE EFFICIENCY
[00:39:49] OPPORTUNITY. I'LL TOUCH ON THIS ONE,
[00:39:52] THE HIGH RISK ISSUE AND THEN WE'LL ASK
[00:39:54] MIKE TASKER OR AYE. TEAM TO ANSWER.
[00:39:57] THEY'VE ALREADY PROVIDED A RESPONSE.
[00:39:59] BUT THE GIST OF THIS
[00:40:03] ISSUE IS WE HAVE AVIATION MAINTENANCE
[00:40:06] SYSTEM MAXIMO THAT THEY USE. MAXIMO THE
[00:40:12] TECHNICIANS, AVIATION MAINTENANCE STAFF,
[00:40:14] THE REPRESENTATIVE WORKERS PUT IN THEIR
[00:40:16] HOURS AND THEIR TIME INTO THE MAXIMO
[00:40:18] SYSTEM WHICH THEN SO IF THEY WORK ON A
[00:40:21] PROJECT, THEIR TIME IS PUT IN AND THEN
[00:40:23] IT FEEDS UP INTO HCM AND THEY GET THEIR
[00:40:26] PAYCHECKS CUT. SO IT'S BASED ON THE
[00:40:28] HOURS THAT THEY WORK. WELL, WE FOUND
[00:40:32] THAT THE MAXIMO SYSTEM HAD A FLAW IN
[00:40:35] IT IN THAT WHEN ASSETS WERE DISPOSED OR
[00:40:38] RETIRED THEY WEREN'T FUNCTIONING
[00:40:40] ANYMORE. IT WAS STILL EVERY SIX MONTHS
[00:40:42] OR PERIODICALLY GENERATING THESE
[00:40:43] PREVENTATIVE MAINTENANCE WORK ORDERS.
[00:40:46] SO SOMEBODY WASN'T GOING INTO THE SYSTEM
[00:40:48] AND SHUTTING OFF THESE ASSETS CORRECTLY

[00:40:52] AND THAT RESULTED IN THESE TICKETS BEING
[00:40:54] CREATED. AND I WOULD ASSUME OVER TEN
[00:40:57] YEARS STAFF WOULD KNOW THAT THESE ASSETS
[00:40:59] DON'T EXIST BUT NONETHELESS THEY BOOKED
[00:41:02] TIME TO IT ANYWHERE FROM AN HOUR AND A
[00:41:04] HALF TO 3 HOURS GOING OUT AND WORKING ON
[00:41:07] THESE PARTICULAR ASSETS.
[00:41:13] SOME OF THE SYSTEMS LIKE THE LIFELINES
[00:41:17] WERE THE ONES THAT WE WERE ADVISED
[00:41:20] ABOUT AND WE SPENT A LOT OF TIME LOOKING
[00:41:22] AT. THEY'RE BASICALLY CABLE ATTACHMENT
[00:41:24] SYSTEMS ON THE ROOF. SO WHEN YOU'RE
[00:41:26] GOING TO WORK IN SOME HIGH LOCATION ON
[00:41:29] THE AIRPORT ON A SKY BRIDGE OR
[00:41:31] SOMETHING, WHICH YOU FALL OFF, YOU'RE
[00:41:34] PROBABLY NOT GOING TO MAKE IT.
[00:41:38] YOU HAVE TO CLIP IN AND THERE'S A BIG
[00:41:40] RED TAG SAYING OUT OF SERVICE, PLEASE
[00:41:43] DON'T USE. SO THERE
[00:41:47] SHOULD BE NO PREVENTIVE MAINTENANCE DONE
[00:41:49] ON IT. AND WE NOTED THAT PEOPLE WERE
[00:41:51] STILL GOING UP, CHARGING TIME TO THESE
[00:41:53] SYSTEMS. I THINK OUR
[00:41:57] HEALTH AND SAFETY DEPARTMENT SAID WE
[00:41:59] SHOULDN'T EVEN BE ON THE ROOF IF THESE
[00:42:01] SYSTEMS ARE OUT OF CERTAIN SECTIONS OF
[00:42:03] THE ROOF IF THESE SYSTEMS ARE OUT OF
[00:42:06] ORDER. SO WE SHOULDN'T BE DOING ANY WORK
[00:42:08] ON THEM ANYWAYS. THE GIST
[00:42:12] OF THIS ISSUE IS THAT SOMEBODY
[00:42:17] NEEDS TO GO INTO THE SYSTEM ON A TIMELY
[00:42:19] BASIS AND SHUT THESE ASSETS DOWN SO
[00:42:21] THESE TICKETS AREN'T CREATED AND TIME
[00:42:25] ISN'T CHARGED TO THEM. NEXT SLIDE,
[00:42:27] PLEASE, MICHELLE.
[00:42:31] ONE BACK.
[00:42:36] SO THIS HIGHLIGHTS SOME OF THE THINGS
[00:42:38] THAT I TALKED ABOUT ON THE TEN YEARS
[00:42:42] THAT THE TICKETS WERE BEING CREATED,
[00:42:45] THE VISIBLY MARKED OUT OF SERVICE SIGNS
[00:42:48] THAT SHOWED THAT THEY SHOULDN'T BE
[00:42:50] WORKED ON. AND THEN ANOTHER THING WE
[00:42:52] NOTED IS ON THE AVIATION SIDE, WHEN A
[00:42:55] SYSTEM WAS WORKED ON, NO NOTES WERE PUT
[00:42:57] INTO THE SYSTEM AS TO WHAT PEOPLE DID.
[00:42:59] SO ALTHOUGH THERE IS A REQUIREMENT AND
[00:43:02] THEIR POLICIES REQUIRED NOTES TO BE PUT
[00:43:04] IN SAYING I DID THIS AND THIS AND THIS
[00:43:05] TO THE SYSTEM, THAT FIELD WAS GENERALLY
[00:43:07] BLANK, NOT SHOWING WHAT WAS DONE. I WILL
[00:43:10] POINT OUT THAT ON THE MARITIME SIDE, I
[00:43:13] BELIEVE THERE WAS A REQUIREMENT THAT
[00:43:14] NOTES ARE PUT IN AND THE NOTES ARE BEING
[00:43:16] USED THERE. SO THIS IS SPECIFICALLY ON
[00:43:19] THE AVIATION SIDE. AND AS FAR
[00:43:23] AS THESE PARTICULAR ASSETS, HEALTH AND
[00:43:26] SAFETY IS TAKING OWNERSHIP OF THEM. SO
[00:43:29] GOING FORWARD ON THESE PARTICULAR
[00:43:31] SYSTEMS, THEY ARE ADDRESSED, THEY ARE
[00:43:34] SHUT DOWN IN THE SYSTEM, AND AVIATION
[00:43:36] MAINTENANCE HAS WORKED JOINTLY
[00:43:39] WITH THEM TO MAKE SURE THAT THESE
[00:43:40] SYSTEMS ARE SHUT DOWN AND THE PREVENTIVE

[00:43:42] MAINTENANCE TICKETS WON'T COME OUT
[00:43:44] AGAIN. BUT THE ISSUE IS LARGER IN THAT
[00:43:48] ASSET DISPOSITION. ALL ASSETS NEED
[00:43:51] TO BE SHUT DOWN, NOT JUST THESE
[00:43:53] PARTICULAR ONES NEED TO BE IDENTIFIED
[00:43:55] AND THERE NEEDS TO BE A PROCESS SO THEY
[00:43:57] SHUT DOWN A MORE TIMELY BASIS. NEXT
[00:44:00] SLIDE, PLEASE, MICHELLE. AND THAT'S
[00:44:03] ESSENTIALLY WHAT OUR RECOMMENDATIONS
[00:44:05] SAY. THESE PARTICULAR ASSETS SHOULD BE
[00:44:07] SHUT DOWN ON A MORE TIMELY BASIS AND
[00:44:11] CLEANED UP, I BELIEVE. RUMI, IS THERE
[00:44:14] ANYTHING ELSE YOU'D LIKE TO ADD TO THIS
[00:44:16] ONE? AND WHO DO WE HAVE FROM AB?
[00:44:19] MIKE? I BELIEVE WE HAVE MIKE TASKER.
[00:44:23] YEAH, GLENN, I'M ON. THANK YOU. IF YOU
[00:44:26] LIKE ANY COMMENTS, I KNOW WE'VE GOT YOUR
[00:44:29] RESPONSE, SO YEAH, GLENN, YOU GOT THE
[00:44:32] RESPONSE. THIS IS MIKE, TASKER DIRECTOR
[00:44:34] OF AVIATION MAINTENANCE. AND GLENN, I
[00:44:36] AGREE WITH THE FINDINGS. RIGHT. I AGREE.
[00:44:38] AND SOMETHING I PROVIDE IS WE'VE GOT TO
[00:44:40] DO A BETTER JOB WITH RETURNING OUT OF
[00:44:42] SERVICE ASSETS SO WE DON'T HAVE THESE
[00:44:44] ISSUES. GLENN ALSO MENTIONED THE
[00:44:47] COMPLEXITY OF HAVING MULTIPLE DISPARATE
[00:44:49] SYSTEMS WHERE SOMEONE DOES AN INSPECTION
[00:44:52] AND TAKES IT OUT OF SERVICE AND IT'S NOT
[00:44:54] AN AUTOMATIC COMMUNICATION BETWEEN THE
[00:44:56] SYSTEM. SO WE'VE GOT TO MAKE THAT BETTER
[00:44:59] AND THAT'S WHAT'S LED TO SOME OF THIS
[00:45:00] STUFF. THERE WAS ALSO NUANCE WITH THE
[00:45:02] RESPONSE WHERE BECAUSE OF SOME OF THE
[00:45:05] COMPLEXITIES THAT MAY HAVE JUST BEEN
[00:45:07] TITLED SOMETHING WITH THE LIFELINE, BUT
[00:45:09] THERE MAY BE OTHER WORK AS WELL. SO WE
[00:45:13] WILL IMPROVE IT. I AGREE WITH THE
[00:45:15] RESPONSE AND WE WILL WORK WITH GLENN TO
[00:45:20] PROVE THE PROCESS FOR RETIRING
[00:45:24] OUT OF SERVICE ASSETS AND GETTING THEM
[00:45:25] OUT OF MAXIMO SO THEY DON'T GENERATE
[00:45:27] WORK ORDERS.
[00:45:30] ANYONE? COMMISSIONERS QUESTIONS? THANK
[00:45:33] YOU FOR THE PRESENTATION AND THE
[00:45:34] INFORMATION THAT YOU'VE SHARED AND THE
[00:45:36] COMMENTS THAT HAVE BEEN PROVIDED. ARE
[00:45:37] THERE ANY QUESTIONS FOR MY COMMITTEE
[00:45:39] MEMBERS?
[00:45:42] SARAH? OKAY, SO IT
[00:45:45] SOUNDS LIKE WE WERE KIND OF GIVEN NOTICE
[00:45:49] TO CHECK SOME OF THESE. IT LOOKS LIKE
[00:45:51] THIS FALL PROTECTION WAS SPECIFICALLY
[00:45:53] CALLED OUT TO SAY HEY, YOU SHOULD LOOK
[00:45:55] INTO THIS. DID WE LOOK INTO OTHER ASSETS
[00:45:58] TOO? DO WE HAVE A WAY TO SAY, HEY, WE
[00:46:00] KNOW THESE THINGS ARE OUT OF SERVICE OR
[00:46:01] WAS THIS SPECIFIC TO THIS ONE BUT WE
[00:46:03] ASSUME THERE'S A BIGGER PROBLEM. WHICH
[00:46:05] ONE IS IT? I BELIEVE WE ASSUME THERE'S A
[00:46:07] BIGGER PROBLEM. RUMI, I DON'T BELIEVE
[00:46:09] YOU LOOKED INTO SPECIFIC SYSTEMS.
[00:46:11] RIGHT. SO WE
[00:46:15] LOOKED AT MY NAME IS RUMI OKUMA.

[00:46:19] I'M THE LEAD AUDITOR FOR THIS AUDIT.
[00:46:22] SO FOR THIS ISSUE BROUGHT
[00:46:26] ABOUT BASED ON THE CONCERN,
[00:46:29] WE SPECIFICALLY LOOKED AT LIFELINE
[00:46:32] SYSTEMS. AND SO BESIDES
[00:46:36] THIS PARTICULAR LIFELINE SYSTEM
[00:46:40] DISCUSSED HERE, THERE ARE AT LEAST FOUR
[00:46:44] MORE LIFELINE SYSTEMS AND THE INDICATION
[00:46:46] WAS THAT THOSE ASSETS,
[00:46:50] OTHER ASSETS MIGHT BE IN THE
[00:46:53] SAME. YES.
[00:46:58] OKAY, SO WE LOOKED AT ONE BUT WE ASSUME
[00:47:01] THERE'S OTHER OF THESE LIFELINE SYSTEMS
[00:47:02] BUT I GUESS I'M ASSUMING LIKE IT COULD
[00:47:04] BE MUCH BIGGER SCALE. LIKE OBVIOUSLY
[00:47:07] COMPLETELY OUTSIDE OF THIS FALL
[00:47:08] PROTECTION THING. WE'RE TALKING ANY
[00:47:10] ASSETS THAT THERE ARE. OKAY. I BELIEVE
[00:47:12] WE'VE FRAMED IT AS AN ASSET DISPOSITION
[00:47:15] PROCESS. THE ENTIRE SO IT PROBABLY
[00:47:17] EXTENDS TO THAT. MIKE, IF THERE'S
[00:47:19] ANYTHING THAT YOU WANT TO ADD, I KNOW
[00:47:21] YOU LOOK AT THE ENTIRE PROCESS. YEAH,
[00:47:24] SHE'S RIGHT. IT WAS POINT OUT THE
[00:47:27] LIFELINES AND WE HAVE A PROCESS WHERE WE
[00:47:29] GO THROUGH AND WE DISPOSE. A LOT OF
[00:47:31] FOCUS HAVE BEEN ONBOARDING ASSETS. NOW
[00:47:34] WHEN WE DISPOSE OF ASSETS, WE'VE GOT TO
[00:47:37] WORK THROUGH AND MAKE SURE ALL THOSE
[00:47:39] ASSETS ARE OUT OF MAXIMO AS WE PUT NEW
[00:47:41] ASSETS IN. SO WE WANT TO MAKE SURE WE
[00:47:44] DON'T DOUBLE COUNT THE NUMBER OF ASSETS
[00:47:45] WE HAVE TO MAINTAIN. BUT THERE IS AN
[00:47:48] IMPROVEMENT IN THAT PROCESS AND IT MAY
[00:47:51] BE A RESOURCE NEED TO ENSURE WE
[00:47:54] DO A BETTER JOB OF GETTING ASSETS OUT OF
[00:47:56] MAXIMO. BECAUSE YOU MAY BE NOT AWARE
[00:47:58] THAT LIKE BRINGING AN IAF INTO A
[00:48:03] NORTH SATELLITE THAT IS 1500 LARGE
[00:48:06] CAPITAL ASSETS WITH MAYBE 3000 PARTS
[00:48:09] THAT HAVE TO BE MAINTAINED. IT'S JUST A
[00:48:12] LARGE VOLUME OF WORK AND SOMETIMES THERE
[00:48:14] CAN BE PERFECTIONS THE ENEMY HAVE DONE.
[00:48:18] I DON'T WANT TO MAKE EXCUSES THERE, BUT
[00:48:20] WE WILL WORK THE PROCESS TO ENSURE WE
[00:48:23] MITIGATE OR ELIMINATE THIS ISSUE WITH
[00:48:25] DOUBLE TIME. OKAY,
[00:48:29] SO I GUESS IN THE RESPONSE WE TALK ABOUT
[00:48:31] THAT THERE'S A NEW WAY TO ONBOARD
[00:48:33] ASSETS, WHICH SEEMS LIKE IT'LL MAKE A
[00:48:35] MORE STREAMLINED PROCESS TO GET RID OF
[00:48:37] THEM. BUT IS THERE AN ACTIVE EFFORT THEN
[00:48:39] TO GO THROUGH THE DATABASE ITSELF TO
[00:48:42] IDENTIFY THOSE ONES WHO WEREN'T PART OF
[00:48:44] THAT OLDER OR PART OF THAT NEW
[00:48:47] ONBOARDING PROCESS? AND IS THAT WHAT
[00:48:48] YOU'RE TALKING ABOUT? OF ADDITIONAL HELP
[00:48:52] OR RESOURCES NEEDED? YES.
[00:48:55] WE'VE GOT A PROGRAM CALLED PREVENTATIVE
[00:48:57] MAINTENANCE OPTIMIZATION, WHICH IS AN
[00:48:59] EFFORT WE'RE DOING IN MAINTENANCE THIS
[00:49:00] YEAR, WHICH WILL CONTINUE THROUGH NEXT
[00:49:02] YEAR, IS TO ENSURE WE DON'T HAVE

[00:49:06] DUPLICATION OF ASSETS AND
[00:49:09] ENSURE THAT WE WORK TO ELIMINATE THIS
[00:49:12] ISSUE. OKAY. AND THEN THE LAST
[00:49:15] QUESTION I HAD, I THINK GLENN, YOU MIGHT
[00:49:18] HAVE MENTIONED IT WHEN YOU WERE SPEAKING
[00:49:21] ON THIS ISSUE, IS THERE LIKE A SAFETY
[00:49:23] CONCERN AROUND THIS ONE SPECIFICALLY
[00:49:25] THAT THESE ARE OUT OF SERVICE AND WE
[00:49:27] DON'T HAVE FALL PROTECTION OUTSIDE OF
[00:49:29] THIS? NO, I BELIEVE IF
[00:49:33] THE ASSET IS RED TAGGED, NOBODY SHOULD
[00:49:36] BE GOING UP AND WORKING ON IT.
[00:49:40] I'M NOT AWARE. AND MIKE, YOU CAN CONFIRM
[00:49:42] THAT IF THEY'RE NOT SUPPOSED TO BE UP ON
[00:49:44] THE ROOF, THEY'RE NOT GOING UP ON THE
[00:49:46] ROOF IN THAT PARTICULAR ZONE WHERE THE
[00:49:48] ASSET IS. GLENN IS RIGHT,
[00:49:52] IT'S CLOSE. WHERE THERE ARE FALL
[00:49:54] PROTECTION RULES, WHERE WITHOUT BEING
[00:49:57] HARNESSED IN, YOU CAN'T GO SO CLOSE TO
[00:49:59] THE EDGE OF THE ROOF. IF THE SLOPE IS A
[00:50:02] CERTAIN HEIGHT OR CERTAIN STEEPNESS,
[00:50:04] YOU CAN'T GO UP THERE AT ALL WITHOUT A
[00:50:06] LIFELINE. SO THERE ARE SOME NUANCES
[00:50:09] WHERE YOU CAN DO PART OF THE WORK, BUT
[00:50:11] YOU CAN'T GO NEAR THE EDGE. THERE'S A
[00:50:14] LOT OF NUANCED RESPONSE, BUT
[00:50:15] COMMISSIONER, I THINK YOU UNDERSTAND
[00:50:17] THAT YES. NOT HAVING FALL
[00:50:21] PROTECTION DOES LIMIT THE WORK THAT CAN
[00:50:22] BE DONE.
[00:50:28] SORRY, COMMISSIONER MOHAMED. GO AHEAD.
[00:50:31] HEALTH AND SAFETY IS WORKING WITH AN
[00:50:33] OUTSIDE VENDOR TO ADDRESS THESE AND
[00:50:35] REPLACE THE SYSTEMS AND THEY'VE TAKEN
[00:50:37] OWNERSHIP OF THEM. SO GOING FORWARD, AT
[00:50:39] LEAST THE SAFETY CONCERNS ARE BEING
[00:50:41] ADDRESSED.
[00:50:46] ANY OTHER QUESTIONS? OKAY, WELL,
[00:50:50] THANK YOU FOR THE RESPONSES. THOSE ARE
[00:50:53] GREAT QUESTIONS. YOU WANT TO ASK THEM,
[00:50:54] COMMISSIONER, WE'RE STILL IN ITEM SIX,
[00:50:56] SO WE'RE GOING TO CONTINUE ON IN ITEM
[00:50:57] SIX. A COUPLE OF MINUTES. GO FOR IT.
[00:51:01] NEXT SLIDE PLEASE, MICHELLE.
[00:51:05] SO, COMMISSIONERS, THIS IS MIKE'S
[00:51:07] RESPONSE, IT'S FOR THE RECORD. AND NEXT
[00:51:09] SLIDE PLEASE, MICHELLE. WE HAVE A
[00:51:13] SECURITY SENSITIVE ITEM ON THIS AUDIT,
[00:51:15] COMMISSIONERS, THAT WE'LL TALK ABOUT IN
[00:51:17] NON PUBLIC SESSION IN SEPTEMBER. AN IT
[00:51:21] NEXT SLIDE PLEASE. AND THERE'S A COUPLE
[00:51:24] ISSUES ITEMS LEFT THAT RUMI OKUMA IS
[00:51:27] GOING TO TALK ABOUT VERY QUICKLY. SO
[00:51:29] RUMI, IT'S ALL YOURS ON THIS.
[00:51:34] AYE. AGAIN. THIS IS RUMI. OKUMA. I NEED
[00:51:38] AUDITOR FOR THIS AUDIT, SO SUPERVISORY
[00:51:43] APPROVAL OF EMPLOYEES TIME IS CONSIDERED
[00:51:46] A KEY PREVENTIVE CONTROL IN THE
[00:51:49] TIMEKEEPING AND APPAREL PROCESSES.
[00:51:52] EMPLOYEES SHOULD NOT APPROVE OR MODIFY
[00:51:54] THEIR TIME AFTER THAT. HOWEVER, WE NOTED
[00:51:58] THAT CURRENTLY THERE ARE NO HARD STOPS

[00:52:01] CONFIGURED INTO THE HCM SYSTEM TO
[00:52:05] STOP EMPLOYEES CHANGE THEIR TIME IN
[00:52:07] THEIR TIMESHEETS AFTER SUPERVISORY
[00:52:11] APPROVAL. WE ALSO NOTED THAT THE CHANGE
[00:52:14] TIME BY AN EMPLOYEE, FOR EXAMPLE,
[00:52:17] FROM REGULAR PAY TIME TO SICK LEAVE
[00:52:20] TIME, WOULD AFFECT THE TIME AND
[00:52:24] LEAVE BALANCES RECORDED IN THE SYSTEM,
[00:52:27] BUT NOT AFFECT THE PAYROLL
[00:52:30] PAYMENTS THAT HAD BEEN PROCESSED.
[00:52:34] SO THE CHANGE TO TIME TRANSACTIONS WILL
[00:52:36] BE REFLECTED IN THE SO CALLED APPROVED
[00:52:41] PAYABLE TIME TABLE IN THE SYSTEM.
[00:52:44] BUT THE CENTRAL PAYROLL TEAM NEEDS TO
[00:52:47] APPROVE AND REPROCESS THE CHANGE TIME
[00:52:50] AFTER OBTAINING THE AUTHORIZATION AND
[00:52:53] RELATED SUPPORT FROM THE EMPLOYEES
[00:52:55] DEPARTMENT. NEXT SLIDE, PLEASE.
[00:53:01] SO WE RECOMMENDED THAT ACCOUNTING AND
[00:53:04] FINANCIAL REPORTING IMPLEMENT HARD STOP
[00:53:07] CONFIGURATIONS INTO THE HCM SYSTEM.
[00:53:12] NOW, RUDY IS HERE TO DISCUSS MANAGEMENT.
[00:53:16] IT'S A LOW RISK ISSUE. IF YOU WANT TO
[00:53:18] MAKE ANY COMMENTS, I KNOW YOUR RESPONSE
[00:53:20] IS UP THERE, RUDY. THANK YOU. I'M RUDY
[00:53:22] KALUZA, ACCOUNTING AND FRENCH REPORTING
[00:53:25] DIRECTOR. THANK YOU, MANAGER, FOR
[00:53:26] RECOGNIZING ME. YES, I'LL MAKE THESE
[00:53:29] COMMENTS SHORT. I RESPECT THERE'S A NEED
[00:53:31] TO MOVE FORWARD ON THIS. WITH REGARD TO
[00:53:33] THE KEY POINTS IS THAT THE HCM SYSTEM
[00:53:36] PROVIDED BY HUMAN CAPITAL MANAGEMENT
[00:53:38] SYSTEM PROVIDED BY PEOPLESFT ORACLE HAS
[00:53:41] THAT AS A FEATURE, A FUNCTIONALITY. WE
[00:53:44] WEREN'T AWARE OF IT BECAUSE BASICALLY
[00:53:45] THE IMPACT IS PRETTY MUCH INNOCUOUS.
[00:53:47] ONCE A TEAM MEMBER ENTERS TIME, IT'S
[00:53:50] REVIEWED BY THE TIME ADMINISTRATOR,
[00:53:52] IT'S APPROVED BY THE DEPARTMENT MANAGER
[00:53:54] WHO'S AWARE OF THE WORK THAT'S SUPPOSED
[00:53:55] TO BE CHARGED THAT PROCESSES OVER TO
[00:53:58] CENTRAL PAYROLL. WE PROCESS ACCORDING TO
[00:54:00] APPROVED TIME. WHATEVER ANY TEAM MEMBER
[00:54:02] DOES AFTER THAT, IT HAS NO IMPACT ON
[00:54:04] PAY. BUT THIS IS A VERY GOOD OBSERVATION
[00:54:07] PROVIDED BY RUMI THAT WE JUST CAN'T HAVE
[00:54:09] LOOSE ENDS. AND SINCE IT WAS NOT
[00:54:12] SIGNIFICANTLY TRANSACTIONALLY IMPACTING
[00:54:15] AS IT RELATES TO STEWARDSHIP OVER PUBLIC
[00:54:17] FUNDS, ADMINISTERING PAYROLL, IT DIDN'T
[00:54:20] RECEIVE THE VISIBILITY IT NEEDED.
[00:54:21] NEVERTHELESS, WE TAKE IT SERIOUSLY.
[00:54:23] WE'RE WORKING WITH INFORMATION
[00:54:24] COMMUNICATIONS TECHNOLOGY PROGRAMMERS
[00:54:27] AND WE'RE WORKING TO SHUT THAT DOWN
[00:54:29] WHERE YOU CAN'T MAKE ANY CHANGES. I JUST
[00:54:31] WANT TO EMPHASIZE THAT THERE IS NOT AN
[00:54:33] IMPACT ON PAY. THANK YOU. THANK YOU.
[00:54:38] OKAY, SO WE ARE CONTINUING. SO DURING
[00:54:41] THIS AUDIT, WE NOTED ONE EFFICIENCY
[00:54:44] OPPORTUNITY FOR THE PORT, WHICH WOULD
[00:54:47] HELP STREAMLINE TIMEKEEPING AND APPAREL
[00:54:50] SUB PROCESSES AT THE PORT. JUMP IN RUMI,

[00:54:54] PLEASE, COMMISSIONER. IS AN EFFICIENCY
[00:54:56] OPPORTUNITY ISN'T A CONTROL ISSUE. SO
[00:54:59] SOMETHING WASN'T BEING DONE WRONG. WHEN
[00:55:01] WE DO OUR AUDITS, SOMETIMES WE'LL FIND
[00:55:03] AN OPPORTUNITY TO COME BETTER FOR THE
[00:55:05] PORT. IT'S LIKE BEING AN INTERNAL
[00:55:07] CONSULTANT AND SAYING, HEY, WE'RE
[00:55:10] WORKING IN SILOS. WE HAVE THESE MULTIPLE
[00:55:13] SYSTEMS AND IT'S PUTTING TREMENDOUS
[00:55:15] BURDEN ON THE AFR TEAM AND ON
[00:55:18] TIMEKEEPERS. SO THE WHOLE PORT
[00:55:21] IS UNDER STRESS. IT ENDS UP IN A SWOT
[00:55:24] ANALYSIS THAT COMES TO YOU IN A BUDGET
[00:55:26] RETREAT. AND HERE'S OUR WAY OF SAYING
[00:55:29] THESE ARE OPPORTUNITIES. THEY'RE SMALLER
[00:55:31] PIECES OF THE PIE, BUT THERE ARE
[00:55:33] OPPORTUNITIES TO GET BETTER. SO, AS
[00:55:37] GRAHAM MENTIONED EARLIER, ALONG WITH THE
[00:55:40] HCM SYSTEM, THREE OTHER SUBSYSTEMS HAVE
[00:55:43] INTERNALLY BEEN USED BY CERTAIN
[00:55:46] DEPARTMENTS TO TRACK SHIFTS,
[00:55:48] SCHEDULES, TIME AND ATTENDANCE, AND OR
[00:55:51] TO MANAGE WORK ORDERS. THESE SYSTEMS ARE
[00:55:54] MAXIMAL BY THE AVIATION MAINTENANCE AND
[00:55:57] MARINE MAINTENANCE DEPARTMENT,
[00:56:00] TERRACE STAFF USED BY THE FIRE
[00:56:03] DEPARTMENT, AND PLANET USED BY THE
[00:56:06] POLICE DEPARTMENT. MAXIMO IS THE ONLY
[00:56:09] SYSTEM THAT IS CURRENTLY INTERFACED WITH
[00:56:11] HDM SYSTEM. NEXT SLIDE PLEASE.
[00:56:18] SO THESE TWO TABLES,
[00:56:21] I HOPE YOU CAN SEE THOSE TABLES
[00:56:26] CONTENTS, BUT THESE TWO TABLES WILL
[00:56:29] PROVIDE YOU WITH BETTER IDEAS ABOUT HOW
[00:56:32] DYNAMIC AND COMPLEX THE PORT'S
[00:56:34] TIMEKEEPING AND APPAREL PROCESSES ARE.
[00:56:37] SO TABLE ONE SHOWS THE 2022 FULL
[00:56:41] TIME EQUIVALENT BREAKDOWN HIGHLIGHTING
[00:56:44] DEPARTMENTS WITH VARIOUS SCHEDULING AND
[00:56:47] TIMEKEEPING SYSTEMS. FTES OF
[00:56:50] THOSE DEPARTMENTS UTILIZING SUBSYSTEMS
[00:56:54] MAKE ABOUT ONE THIRD OF THE TOTAL FTES
[00:56:57] AT THE PORT. THE PORT HAS MANY
[00:57:00] COLLECTIVE BARGAINING AGREEMENTS FOR
[00:57:03] REPRESENTED EMPLOYEES WITH THOSE
[00:57:06] DEPARTMENTS. THAT IS 21 OUT OF
[00:57:10] 30 OR 70% OF THE TOTAL AGREEMENTS. AND
[00:57:13] ADDENDUMS SO MANY SUBSYSTEMS
[00:57:17] IN USE WITH A COMPLEX PAY RATE,
[00:57:20] STRUCTURES OF THOSE AGREEMENTS COULD
[00:57:23] INCREASE THE RISK OF ERRORS AND PROCESS
[00:57:26] TO FINALIZE AND IMPLEMENT NEW RATES. IN
[00:57:29] THE SYSTEMS INVOLVING MULTIPLE
[00:57:31] DEPARTMENTS, INCLUDING HR,
[00:57:35] TOTAL REWARDS, LABOR RELATIONS,
[00:57:39] LEGAL AND CENTRAL PAYROLL
[00:57:43] IS VERY TIME CONSUMING AND OFTEN
[00:57:47] RESULTS IN RETROACTIVE ADJUSTMENTS
[00:57:51] WHICH INCREASE WORKLOADS IN THE PAYROLL
[00:57:53] PROCESSING.
[00:57:58] SO TABLE TWO JUST QUICKLY, TABLE TWO
[00:58:01] SHOWS THE TIME ENTRY FLOW TO HCM BY
[00:58:04] DEPARTMENTS AND EMPLOYEE TYPE. IT

[00:58:08] INVOLVES A LOT OF MANUAL INTERVENTION,
[00:58:10] INTERVENTION BY TIME ADMINISTRATORS AND
[00:58:13] THEIR MANAGERS IN THOSE DEPARTMENTS TO
[00:58:16] CONTINUOUSLY VALIDATE THE TIME DATA IN
[00:58:19] THEIR OWN SYSTEMS AND ALSO BETWEEN THEIR
[00:58:23] SUBSYSTEMS AND HDM SYSTEMS
[00:58:26] CONTINUOUSLY. NEXT SLIDE PLEASE.
[00:58:34] SO, MOST OF THE TIME ADMINISTRATORS AND
[00:58:37] THEIR MANAGERS WE INTERVIEWED EXPRESSED
[00:58:40] SOME LEVEL OF FRUSTRATION ABOUT A
[00:58:43] SIGNIFICANT AMOUNT SPENT EACH
[00:58:48] PAY PERIOD TO VALIDATE AND CORRECT TIME
[00:58:52] DATA FOR ACCURACY.
[00:58:55] ON A RELATIVE NOTE, CENTRAL PAYROLL TEAM
[00:58:59] PROCESSED APPROXIMATELY 2000 CORRECTIONS
[00:59:02] AND ADJUSTMENTS PER PAY PERIOD IN 2022,
[00:59:07] WHICH WERE REQUESTED AFTER TIME
[00:59:09] SUBMISSION CUT OFF. SO OPPORTUNITY
[00:59:13] MAY EXIST TO ANALYZE THE DATA TO
[00:59:17] IDENTIFY THE CORRECTION TYPES AND
[00:59:20] PATTERNS. LAST, BUT NOT THE LEAST,
[00:59:23] THE FIRE DEPARTMENT'S RAPID PROCESS
[00:59:26] IMPROVEMENT PROJECT IS CURRENTLY
[00:59:29] UNDERGOING WITH THE PORT'S CONTINUOUS
[00:59:32] IMPROVEMENT PROCESS OR CPI TEAM.
[00:59:36] WE'D LIKE TO RECOMMEND THE PORT CONTINUE
[00:59:38] THE CPI EFFORTS TO STREAMLINE
[00:59:42] THE SUBSYSTEMS. NEXT SLIDE PLEASE.
[00:59:48] SO, IN ADDITION, WE'VE MADE SEVERAL
[00:59:51] RECOMMENDATIONS TO GAIN OPERATIONAL
[00:59:53] EFFICIENCIES. THOSE ARE TO
[00:59:57] CONSIDER REDUCING THE NUMBER OF
[00:59:59] SUBSYSTEMS AND TAKING OTHER
[01:00:03] ACTIONS RELATED TO DATA ROOT
[01:00:06] CAUSE ANALYSIS, TRAINING, EDUCATION AND
[01:00:10] COMMUNICATIONS.
[01:00:13] NOW, RUDY IS HERE TO RESPOND.
[01:00:16] AND RUDY, I CAN ADD ONE MORE THING. I
[01:00:18] KNOW THE COMPLEXITY OF THESE SYSTEMS IS
[01:00:20] HUGE AND IT'S A MONUMENTAL TASK. I KNOW
[01:00:23] RUDY AND TEAM SOME YEARS AGO TRIED TO
[01:00:25] OUTSOURCE SOME OF THIS STUFF. THE
[01:00:27] CONSULTANT, THE OUTSIDE COMPANY, SAID
[01:00:29] IT'S TOO COMPLICATED FOR US. WE DON'T
[01:00:31] WANT TO TOUCH IT, BUT WE HAVE TO LOOK
[01:00:33] INSIDE AND SEE WHAT OPPORTUNITIES WE
[01:00:35] HAVE. THANK YOU, MR. FERNANDEZ FOR
[01:00:37] RECOGNIZING THAT IT WAS WITH CERIDIAN,
[01:00:39] A MAJOR PAYROLL ADMINISTRATION COMPANY.
[01:00:41] AND THEY DID COME IN HERE, DID A VERY
[01:00:44] THOROUGH REVIEW OF OUR PROCESSES. IT'S
[01:00:46] JUST TOO COMPLEX. THAT'S WHERE I LIKE TO
[01:00:49] ADDRESS. I'D BE SUCCINCT, MADAM CHAIR,
[01:00:51] WITH REGARD TO REDUCING TIMEKEEPING
[01:00:53] SYSTEMS, THAT IS OUR LONG TERM GOAL. I
[01:00:56] THINK WE NEED TO ADDRESS SOME THINGS
[01:00:58] FOUNDATIONALLY FIRST AND THAT'S WITH
[01:01:00] WHAT IS CAUSING THE NEED TO HAVE THESE
[01:01:02] TIMEKEEPING SYSTEMS SEPARATE FROM OUR
[01:01:04] CENTRAL PEOPLESOFT FINANCIAL. THE HCM
[01:01:08] HUMAN CAPITAL MANAGEMENT SYSTEM IS A
[01:01:10] VERY ROBUST SYSTEM, BUT NOT AS AGILE AS
[01:01:13] TO BE ABLE TO ADDRESS THE COMPLEXITIES

[01:01:15] OF OUR 26 LABOR AGREEMENTS. AND WE'RE
[01:01:17] MAKING PROGRESS WITH LABOR RELATIONS AND
[01:01:19] I APPRECIATE THE LEADERSHIP THAT THEY'RE
[01:01:22] PROVIDING TO PROVIDE MORE CONSISTENCY,
[01:01:25] THERE'S MORE STANDARDIZATION AS WELL AS
[01:01:27] MORE REALITY CHECK ON WHAT IS REASONABLE
[01:01:30] OR NOT WITH REGARD TO PAY
[01:01:31] ADMINISTRATION. BUT THEY ARE VERY
[01:01:32] COMPLEX AND THE TWO MAJOR AREAS IS FIRE
[01:01:35] DEPARTMENT AND POLICE DEPARTMENT. THE
[01:01:37] PAY STRUCTURE IS VERY COMPLICATED AND
[01:01:39] SOMETHING THAT PEOPLE SOUTH HCM CANNOT
[01:01:41] HANDLE A STANDALONE AND WE NEED TO HAVE
[01:01:43] SEPARATE SYSTEMS. SO THE FOUNDATIONAL
[01:01:46] FUNDAMENTAL AREA WE NEED TO ADDRESS IS
[01:01:48] TRYING TO MAKE THIS A MORE MANAGEABLE
[01:01:50] ENVIRONMENT WITH REGARD TO PAY
[01:01:51] ADMINISTRATION. THEN WE CAN LOOK AT
[01:01:53] SYSTEM SOLUTION THAT ARE, ALTHOUGH AGILE
[01:01:55] AND VERY COMPLEX, CAN EMBRACE THIS AND
[01:01:58] BE A SOLUTION FOR US. I JUST WANTED TO
[01:02:00] MENTION THIS IS A LONG TERM SOLUTION.
[01:02:02] IT'S A VERY GOOD RECOMMENDATION FROM
[01:02:03] INTERNAL AUDIT. WE EMBRACE THAT AND WE
[01:02:05] LOOK FORWARD TO MOVING FORWARD, WORKING
[01:02:07] ON THE STEPS TO GET THERE. WITH REGARD
[01:02:09] TO CONTINUING REGULAR MEETINGS, AGAIN,
[01:02:12] RUMI INDICATED THE COMPLEXITY WITH
[01:02:15] REGARD TO THE PARTNERSHIP THAT'S
[01:02:16] REQUIRED AMONG PORT DEPARTMENTS AND WE
[01:02:19] DO MEET REGULARLY, ESPECIALLY
[01:02:21] ACCOUNTING, FINANCIAL REPORTING
[01:02:23] DEPARTMENT, PAYROLL ADMINISTRATION ALONG
[01:02:24] WITH LABOR RELATIONS AND HUMAN
[01:02:26] RESOURCES. WE DO MEET REGULARLY AND THAT
[01:02:28] WAS SOMETHING THAT STARTED YEARS AGO
[01:02:31] UNDER DIRECTION OF OUR CHIEF FINANCIAL
[01:02:32] OFFICER DAN THOMAS REGARD TO LET'S GET
[01:02:35] THE DIALOGUE GOING. WE MEET REGULARLY,
[01:02:37] BUT ALSO WE ARE MEETING AT THE
[01:02:39] DEPARTMENT LEVEL AS WELL. AND I THINK
[01:02:40] THIS IS A RECOMMENDATION FROM INTERNAL
[01:02:42] AUDIT AND WE'RE GOING TO CONTINUE DOING
[01:02:43] THAT BECAUSE IT'S REALLY IMPORTANT THAT
[01:02:45] WE HAVE GOOD COORDINATION, GOOD
[01:02:48] COLLABORATION, UNDERSTANDING IN TERMS OF
[01:02:49] WHAT ARE THE CHALLENGES THAT THE
[01:02:51] DEPARTMENTS ARE FACING. SO PAYROLL
[01:02:53] ADMINISTRATION HAS ASSIGNED SPECIFIC
[01:02:55] TEAM MEMBERS IN PAYROLL TO ALIGN WITH
[01:02:58] THE LABOR AGREEMENTS ALIGNED WITH THE
[01:02:59] DEPARTMENT. SO THERE'S A MORE SUBJECT
[01:03:01] MATTER EXPERTISE GROUP DEALING WITH
[01:03:03] THESE THINGS AND HOPEFULLY THROUGH
[01:03:04] CONTINUED COMMUNICATIONS WE'LL BE ABLE
[01:03:06] TO ADDRESS THESE AND THAT KIND OF GETS
[01:03:08] INTO USE OF HCM GENERATOR REPORTS.
[01:03:11] THE SYSTEM DOES GENERATE A LOT OF
[01:03:14] REPORTS, BUT ONE THING THERE IS NOT AN
[01:03:17] ABILITY TO ANALYZE THE REASON FOR
[01:03:19] CHANGES. AND AGAIN, WHEN RUMI MENTIONED
[01:03:22] THERE'S 2000 CORRECTIONS AFTER A PAY
[01:03:24] APPROVAL, THAT'S NOT US, IT'S FROM THE

[01:03:26] DEPARTMENT SAYING, HEY, WE APPROVED
[01:03:28] ENTER A TIME, CAN YOU CHANGE THIS? SO
[01:03:29] WE'RE KIND OF RESPONDING TO THIS. AND I
[01:03:31] THINK THAT'S WHEN YOU HAVE SUCH A
[01:03:33] VOLUME, WHEN YOU'RE TRYING TO MANAGE
[01:03:35] PAYROLL AND YOU GET DISTRACTED WITH
[01:03:37] MAKING CORRECTIONS AFTER THE FACT,
[01:03:39] THAT'S A CHALLENGE BECAUSE IT COULD LEAD
[01:03:40] TO DISTRACTION AND ERRORS. BUT WE HAVE
[01:03:43] NOT BEEN HAD ANY ERRORS. WE HAVE OUR ACT
[01:03:45] TOGETHER IN PAYROLL BECAUSE WE'RE
[01:03:46] ADMINISTERING PUBLIC FUNDS. WE'VE GOT TO
[01:03:48] BE TIGHT ON THAT. BUT WITH REGARD TO
[01:03:50] BEING MORE INFORMED THROUGH THE SYSTEM
[01:03:52] IN TERMS OF REPORTS, WE ARE ENHANCING
[01:03:54] THE FACTORS IN THE REPORTS THAT ARE
[01:03:56] GENERATED. THEN WE CAN DO ANALYSIS. SO
[01:03:58] WE'LL FACTOR THAT IN USING THE REPORTS,
[01:04:00] WORKING WITH THE DEPARTMENTS IN
[01:04:02] DIALOGUE. AND THEN THE LAST TWO POINTS
[01:04:04] IN TERMS OF TRAINING, VERY GOOD POINT.
[01:04:06] WE'LL INCREASE THE TRAINING. WE'RE
[01:04:08] GETTING MORE FORMAL IN TERMS OF LEARNING
[01:04:11] MANAGEMENT SYSTEM, HR ADMINISTRATOR
[01:04:13] SYSTEM, HUMAN RESOURCES, AND WE'RE GOING
[01:04:15] TO INCORPORATE THAT. AND THE REQUIREMENT
[01:04:16] IS BEFORE ANYONE CAN TOUCH PAYROLL, THE
[01:04:18] HCM SYSTEM, THEY'RE REQUIRED TO TAKE
[01:04:20] THIS MANDATORY TRAINING. SECONDLY, FOR
[01:04:22] THOSE THAT ARE EXISTING, THEY HAVE TO
[01:04:24] TAKE A RECURRING TRAINING EVERY TWO
[01:04:27] YEARS TO BE AFFIRMED AS TO BEING ABLE TO
[01:04:29] HAVE THE COMPETENCE AND KNOWLEDGE TO DO
[01:04:33] THEIR JOB THERE. AND THEN THEY'LL
[01:04:35] CONTINUE THE CPI, CONTINUED PROCESS
[01:04:37] IMPROVEMENT. WE ARE LEVERAGING THE
[01:04:39] EXPERTISE OF OFFICE OF STRATEGIC
[01:04:41] PLANNING AND THEY ARE VENTURING INTO
[01:04:43] COORDINATING ALL OF US AT THE PORT,
[01:04:45] ESPECIALLY STARTING WITH THE FIRE
[01:04:47] DEPARTMENT IN THE LABOR RELATIONS,
[01:04:48] HUMAN RESOURCES, ACCOUNTING, FINANCIAL
[01:04:50] REPORTING WITH REGARD TO MOVING FORWARD
[01:04:53] AND REALLY DOCUMENTING CURRENT STATE AND
[01:04:56] THEN IDENTIFYING THE KEY PAIN POINTS.
[01:04:58] AND THIS HAS JUST STARTED AND WE'VE
[01:05:01] ALREADY MOVED FORWARD WITH THE
[01:05:02] LEADERSHIP OF OFFICE, STRATEGIC PLANNING
[01:05:04] DURING SPECIFIC AREAS, MAKING
[01:05:06] IMPROVEMENTS ALONG THE WAY. BUT THIS IS
[01:05:07] A PROJECT THAT'S GOING TO BE GOING
[01:05:09] THROUGH 2023 AND THIS IS SOMETHING WE
[01:05:11] REALLY NEED TO DO UNDER THE LEAN MODEL,
[01:05:13] CONTINUOUS PROCESS IMPROVEMENT TO
[01:05:15] DOCUMENT OUR CURRENT STATE, IDENTIFY
[01:05:17] AREAS FOR IMPROVEMENT AND THEN EXECUTE
[01:05:19] THEM. THANK YOU.
[01:05:23] WELL, THANK YOU SO MUCH FOR THOSE
[01:05:24] THOROUGH ANSWERS AND INFORMATION THAT
[01:05:28] YOU'VE SHARED. ACTUALLY, IS THERE ANY
[01:05:31] QUESTIONS FOR MY COMMITTEE MEMBERS?
[01:05:33] OKAY, I WILL BE MOVING US ALONG TO ITEM
[01:05:36] NUMBER SEVEN. THANK YOU. THANK YOU.

[01:05:44] ITEM NUMBER SEVEN ON THE AGENDA IS AN
[01:05:47] UPDATE ON THE SOCIAL AND ENVIRONMENTAL
[01:05:49] REPORTING. GLENN, YOU HAVE THE FLOOR.
[01:05:52] THANK YOU. COMMISSIONER. COMMISSIONER,
[01:05:53] I'M GOING TO ASK DAN CHASE, OUR AUDIT
[01:05:56] MANAGER, OVER WHO DID THE AUDIT AND I
[01:05:59] BELIEVE DAN, YOU LIKE BOOKEDA AND MIAN
[01:06:05] BOOKED IT.
[01:06:11] YOU CAN STAY. YEAH, WE AGREE.
[01:06:15] THANKS MIA. OKAY,
[01:06:19] SO THANK YOU GLENN, AND GOOD AFTERNOON
[01:06:21] AUDIT COMMITTEE MEMBERS. AND THANKS MIAN
[01:06:23] FOR BEING HERE. ME AND RICE. SO I'LL GO
[01:06:27] THROUGH THE FIRST FEW SLIDES FAIRLY
[01:06:29] QUICKLY. THE PERIOD THAT WE COVERED
[01:06:32] WAS JANUARY THROUGH DECEMBER OF 2022.
[01:06:35] WE AUDITED THREE REPORTS, THE OEDI
[01:06:38] REPORT, THE ENVIRONMENTAL REPORT, AND
[01:06:41] THE DIVERSITY AND CONTRACTING REPORT.
[01:06:44] AND THE PURPOSE OF COURSE WAS TO
[01:06:47] EVALUATE INTERNAL CONTROLS. AND THEN IT
[01:06:49] WAS ALSO TO ASSESS THE ACCURACY OF WHAT
[01:06:51] WAS REPORTED. NEXT SLIDE, PLEASE.
[01:07:00] SO THIS SLIDE REFLECTS THE DIVERSITY AND
[01:07:04] CONTRACTING ASPIRATIONAL GOALS.
[01:07:07] AND IN 2018, THERE WERE TWO GOALS.
[01:07:11] THE FIRST WAS TO TRIPLE THE NUMBER OF
[01:07:13] WMBE FIRMS THAT CONTRACT WITH THE PORT
[01:07:16] OVER A FIVE YEAR PERIOD. AND THE SECOND
[01:07:19] WAS TO TRIPLE THE SPEND OVER THAT SAME
[01:07:21] FIVE YEAR PERIOD.
[01:07:24] PORT RESOLUTION 37 37, WHICH WAS
[01:07:28] ESTABLISHED IN 2018. IT DEFINES WHAT A
[01:07:31] WMBE BUSINESS IS, AND IT'S DEFINED AS
[01:07:35] 51% OWNED AND CONTROLLED BY A WOMAN OR A
[01:07:38] MINORITY. PORT PROCESSES ALLOW
[01:07:42] FIRMS TO SELF DECLARE THEIR WMBE
[01:07:44] STATUS, AND A LITTLE OVER HALF,
[01:07:48] ABOUT 55%, ARE SELF DECLARED.
[01:07:51] NEXT SLIDE, PLEASE.
[01:07:57] THANK YOU, MICHELLE. SO THE WASHINGTON
[01:07:59] STATE OFFICE OF MINORITY AND WOMEN
[01:08:01] BUSINESS ENTERPRISES, OR OMWBE,
[01:08:05] ACCORDING TO THEIR WEBSITE, THEY'RE THE
[01:08:06] SOLE AGENCY IN THE STATE THAT CERTIFIES
[01:08:09] WMBE BUSINESSES. THERE ARE THREE
[01:08:13] REQUIREMENTS. THE FIRST IS MIRRORS 37
[01:08:17] 37, WHICH IS 51% OWNED AND CONTROLLED BY
[01:08:20] A WOMAN OR MINORITY. AND THEN THERE'S
[01:08:23] TWO ADDITIONAL REQUIREMENTS. THE FIRST
[01:08:26] ONE IS TO BE ECONOMICALLY DISADVANTAGED,
[01:08:28] AND IT'S DEFINED BY THE OWNER
[01:08:32] HAVING A NET WORTH OF LESS THAN 1.32
[01:08:35] MILLION. AND THEN THE SECOND IS THAT
[01:08:39] THE BUSINESS MUST BE SMALL, AND THAT'S
[01:08:42] DEFINED AS ANNUAL RECEIPTS LESS THAN OR
[01:08:45] EQUAL TO 30.4 MILLION OVER A THREE
[01:08:49] YEAR PERIOD, ON AVERAGE.
[01:08:54] SARAH, DID YOU HAVE A QUESTION? NO.
[01:08:59] THANKS, GLENN. NEXT SLIDE,
[01:09:03] PLEASE. SO I'M GOING
[01:09:06] TO CIRCLE BACK TO WHAT WE JUST
[01:09:09] DISCUSSED, BUT I WANTED TO GO THROUGH

[01:09:10] THE ISSUES THAT MANAGEMENT HAS PROVIDED
[01:09:13] RESPONSES FOR. SO IN THE DIVERSITY AND
[01:09:16] CONTRACTING REPORT FOR 2022,
[01:09:19] WE LOOKED AT THE NON PUBLIC WORKS WMBE
[01:09:23] FIRMS REPORTED AS 271. AND WHAT WE FOUND
[01:09:26] IS WE FOUND 17 DUPLICATES. SO THAT WOULD
[01:09:29] REDUCE THE NUMBER FROM 271 TO 254.
[01:09:33] AND THE MANAGEMENT RESPONSE AND ME. AND
[01:09:36] IF YOU DON'T MIND, I'LL JUST GO REAL
[01:09:37] QUICKLY HOW YOU RESPOND, AND IF YOU WANT
[01:09:40] TO ADD ANYTHING, YOU CAN.
[01:09:43] ONCE THEY GET THE INFORMATION FROM OUR
[01:09:46] CENTER PROCUREMENT OFFICE, THEY'RE GOING
[01:09:47] TO LOOK AT THE DATA, AND THEN ANYTHING
[01:09:50] THAT APPEARS TO BE A DUPLICATE, THEY'LL
[01:09:52] DO RESEARCH AND THEN REMOVE THOSE GOING
[01:09:56] FORWARD. AND THEN ALSO THEY'RE GOING TO
[01:09:57] LOOK BACK SINCE FROM 2019, SINCE WE'RE
[01:10:00] MEASURING THIS OVER A FIVE YEAR PERIOD.
[01:10:04] ME AND DO YOU NEED TO ADD ANYTHING? I
[01:10:06] THINK THAT'S PRETTY STRAIGHTFORWARD,
[01:10:08] YEAH. OKAY, GOOD. AND NEXT
[01:10:12] SLIDE, PLEASE.
[01:10:17] THERE'S OUR RECOMMENDATIONS. YOU CAN GO
[01:10:19] TO THE NEXT SLIDE AND YOU
[01:10:23] CAN GO TO THE NEXT SLIDE.
[01:10:26] THIS IS A LOW RATED ISSUE, AND THIS IS
[01:10:29] FOR THE OFFICE OF EQUITY DIVERSITY
[01:10:31] INCLUSION iSBOOKDA GHEISAR HERE IF
[01:10:33] YOU HAVE ANY QUESTIONS THAT YOU CAN
[01:10:35] ANSWER. BUT WHAT WE FOUND IS THAT THE
[01:10:38] NUMBER OF EMPLOYEES THAT WE
[01:10:42] REPORTED AS BEING EMPLOYED THROUGH THE
[01:10:46] AIRPORT PROGRAM DIDN'T
[01:10:49] AGREE TO THE SUPPORTING DOCUMENTATION.
[01:10:51] AND WHY THAT WAS IS THE NUMBER WASN'T
[01:10:54] FINAL. AND SO SIMPLY EARMARKING THAT
[01:10:58] AS AN ESTIMATE OR WAITING TILL THE
[01:11:00] NUMBER IS. FINAL WILL ALLEVIATE THAT.
[01:11:02] SO, AGAIN, PRETTY STRAIGHTFORWARD AND
[01:11:05] RELATIVELY LOW RISK. SO WHAT
[01:11:09] I WANTED TO DO IS CIRCLE BACK TO THE
[01:11:14] DIFFERENCE BETWEEN RESOLUTION 37 37 AND
[01:11:17] THE STATE REQUIREMENTS.
[01:11:20] SO AS WE DO OUR AUDITS, ONE STEP WE DO
[01:11:23] IS RESEARCH, AND THAT
[01:11:27] GIVES US A BASELINE UNDERSTANDING SO
[01:11:30] THAT WE HAVE A RELATIVELY GENERAL
[01:11:34] UNDERSTANDING OF WHAT WE'RE AUDITING.
[01:11:37] WE LOOKED AT 37 37 AND WE
[01:11:41] ALSO LOOKED AT THE STATE REQUIREMENTS
[01:11:42] AND NOTICED THAT THERE'S DIFFERENCES.
[01:11:47] AS I MENTIONED EARLIER, THE STATE
[01:11:50] REQUIRES FIRMS TO ALSO BE SMALL AND
[01:11:53] ECONOMICALLY DISADVANTAGED. AND SO AS
[01:11:57] WE WENT THROUGH OUR AUDIT,
[01:12:02] WE HIGHLIGHTED THOSE DIFFERENCES AND
[01:12:05] BRING THOSE FORWARD TO THE AUDIT
[01:12:08] COMMITTEE FOR CONSIDERATION AND
[01:12:09] DISCUSSION. BEFORE GO AHEAD,
[01:12:12] I JUST WANTED TO ASK A CLARIFY. IS THAT
[01:12:14] IN THE SLIDES HERE, DID I MISS THAT?
[01:12:16] THOSE COMPARISONS THOSE COMPARISONS ARE

[01:12:18] ON. YEAH. MAYBE YOU COULD BACK UP TO I
[01:12:20] THINK THIS YEAH,
[01:12:23] IT'D BE HELPFUL. YEAH. SO THAT'S
[01:12:27] 37 37. IT'S 51% OWNED
[01:12:31] AND CONTROLLED BY A WOMAN OR A MINORITY.
[01:12:34] OKAY. AND THEN THE NEXT SLIDE HAS
[01:12:40] THE STATE REQUIREMENTS. SO THERE ARE TWO
[01:12:43] ADDITIONAL REQUIREMENTS TO BE
[01:12:45] ECONOMICALLY DISADVANTAGED AND ALSO TO
[01:12:49] BE SMALL. SO BEFORE
[01:12:54] WE OPEN IT UP FOR DISCUSSION AND
[01:12:55] COMMENT, I WANT TO SAY THAT IN NO WAY DO
[01:12:59] I WANT TO GIVE THE AUDIT COMMITTEE THE
[01:13:00] IMPRESSION THAT MANAGEMENT HASN'T
[01:13:01] COMPLIED WITH RESOLUTION 37 37. THEY
[01:13:04] HAVE, AND I COMMEND
[01:13:08] MIAN AND DAVE MCFADDEN AND LAWRENCE
[01:13:10] COLEMAN AND OTHERS THAT HAVE GROWN THIS
[01:13:13] PROGRAM.
[01:13:15] BUT THE SALIENT POINTS
[01:13:18] THAT WE POINT OUT HERE IS SOMETHING
[01:13:22] INTERNAL AUDIT DOES, AND WE JUST BRING
[01:13:24] IT FORWARD FOR ADDITIONAL CONSIDERATION
[01:13:27] AND DISCUSSION. GLENN, DID YOU WANT TO
[01:13:29] ADD ANYTHING BEFORE NO, ACTUALLY, WE
[01:13:32] JUST I'M SORRY, COMMISSIONERS. ONE OF
[01:13:34] THE THINGS WE WANT TO DO IS, AS WE DO
[01:13:36] OUR AUDITS, WE WANT TO BE TRANSPARENT
[01:13:38] AND OBJECTIVE AND PRESENT TO THE
[01:13:40] COMMISSION. AND THAT WHEN YOU ARE
[01:13:43] GETTING THESE REPORTS, JUST AS YOUR
[01:13:46] GENERAL AWARENESS THAT WE ARE NOT
[01:13:47] FOLLOWING ITEM TWO AND THREE, NOR IS IT
[01:13:49] A REQUIREMENT FOR US. SO IF THAT'S
[01:13:51] SOMETHING THAT YOU WOULD LIKE TO
[01:13:53] CONSIDER, THAT'S YOUR PREROGATIVE TO
[01:13:56] WORK WITH ME AS APPROPRIATE AS WELL.
[01:14:03] WITH THAT, BACK TO YOU. THANK YOU.
[01:14:06] DOES THAT CONCLUDE THIS SECTION BEFORE
[01:14:08] WE JUMP INTO THAT, WE DO HAVE OKAY,
[01:14:13] SO I'LL OPEN IT UP TO QUESTIONS TO MY
[01:14:15] COMMITTEE MEMBERS. I JUST HAVE A QUICK
[01:14:18] COMMENT. WE DON'T NEED TO GO INTO IT
[01:14:19] TODAY, BUT I THINK 37 37,
[01:14:23] I THINK WAS A GOOD START FOR US AS AN
[01:14:24] ORGANIZATION IN TERMS OF PUTTING IN
[01:14:27] REQUIREMENTS TO INCREASE WMBE
[01:14:30] REPRESENTATION. BUT I THINK CHECKING
[01:14:34] OFF A BOX TO SAY, YES, I'M A WMBE
[01:14:36] BUSINESS, AND HAVING AN
[01:14:40] ACTUAL MECHANISM THAT CHECKS TO MAKE
[01:14:42] SURE THAT THEY'RE BEING TRUTHFUL AS A
[01:14:45] STEP THAT WE NEED TO TAKE TO MAKE SURE
[01:14:48] THAT THOSE BUSINESSES THAT ARE CLAIMING
[01:14:50] TO BE THAT ARE ACTUALLY THAT RIGHT. SO
[01:14:53] THAT OUR NUMBERS AREN'T INFLATED, SO TO
[01:14:55] SPEAK. COMMISSIONER MOHAMMED AND I HAD A
[01:14:59] LISTENING SESSION WITH SEVERAL BUSINESS
[01:15:00] OWNERS AND STAKEHOLDERS. MAYBE IT WAS
[01:15:02] TWO WEEKS AGO, A WEEK AGO. OKAY. AND
[01:15:05] OBVIOUSLY ONE OF THE CONCERNS AROUND
[01:15:07] THAT CERTIFICATION WAS THAT IT'S ONEROUS
[01:15:10] FOR SMALL BUSINESS OWNERS. AND I

[01:15:11] UNDERSTAND THAT, AND I HEAR THAT. BUT I
[01:15:14] DO THINK THERE'S SOMETHING IN BETWEEN
[01:15:15] HERE THAT WE CAN FIGURE OUT. WHETHER
[01:15:17] IT'S OUR OWN PROCESS,
[01:15:20] WHETHER IT'S WE DO REGULAR AUDITS OF OUR
[01:15:23] ACTUAL SMALL BUSINESSES TO MAKE SURE
[01:15:25] THEY'RE BEING TRUTHFUL, WHETHER IT'S
[01:15:27] CERTAIN DISCLOSURES OR AN AFFIDAVIT THAT
[01:15:30] THEY SIGN IN ORDER TO MORE THAN JUST
[01:15:33] CHECKING A BOX. BUT TO SAY I SAY THAT
[01:15:35] I'M THIS AND I UNDERSTAND THE
[01:15:37] REPERCUSSIONS AND MAYBE THERE SHOULD BE
[01:15:39] SOME REPERCUSSIONS ON PAPER THAT SAY IF
[01:15:41] YOU LIE ABOUT THIS, THIS IS WHAT
[01:15:43] HAPPENS. IN OTHER WORDS, TO CREATE A
[01:15:45] DETERRENT SO PEOPLE DON'T LIE ABOUT IT.
[01:15:48] RIGHT. I'M NOT SAYING THAT THIS IS A
[01:15:49] RAMPANT PROBLEM. I LIKE TO THINK THAT
[01:15:52] MOST FOLKS, THE VAST MAJORITY OF OUR
[01:15:54] MINORITY BUSINESS CONTRACTORS ARE
[01:15:56] TRUTHFUL, BUT PEOPLE TAKE ADVANTAGE OF
[01:15:58] THE SYSTEM. AND I THINK THERE'S A WAY TO
[01:16:01] TRUST BUT CONFIRM IN A NON PUNITIVE WAY.
[01:16:04] AND I'D LOVE FOR US THAT WE CAN DO THAT.
[01:16:08] ANY OTHER QUESTIONS? I ECHO THOSE
[01:16:11] SAME SENTIMENTS, AND I THINK IT IS A
[01:16:13] POLICY DISCUSSION FOR US TO FIGURE OUT
[01:16:15] AS A COMMISSION, WHAT IS THE NEXT SORT
[01:16:17] OF STEP THAT WE WANT TO TAKE. I REALLY
[01:16:18] APPRECIATE THE COMPARISONS THAT WERE
[01:16:20] PROVIDED. THAT'S HELPFUL FOR US TO USE
[01:16:23] THAT INFORMATION TO DISCUSS WHAT
[01:16:27] WE WANT TO DO NEXT. AND I REALLY JUST
[01:16:29] WANT TO EXPRESS DEEP GRATITUDE FOR ME
[01:16:32] AND RICE'S TEAM. I KNOW THIS WORK IS
[01:16:34] REALLY DIFFICULT. WE DON'T WANT TO
[01:16:36] CREATE BARRIERS FOR OUR COMMUNITY
[01:16:38] MEMBERS TO BE ABLE TO ACCESS
[01:16:40] OPPORTUNITIES AT THE PORT. AND SO HOW DO
[01:16:44] WE BE TRANSPARENT, ACCOUNTABLE WHEN
[01:16:46] THINGS ARE NOT HAPPENING IN THE WAY THAT
[01:16:49] WE WOULD LIKE TO SEE THEM? AND WE'VE
[01:16:51] HEARD SO MANY STORIES AND ANECDOTES AND
[01:16:53] THIS AUDIT ACTUALLY CONFIRMS SOME OF
[01:16:56] THOSE STORIES I WAS HEARING OUT IN THE
[01:16:58] PUBLIC. AND SO IT'S HELPFUL. IT GIVES US
[01:17:01] AN OPPORTUNITY TO ANALYZE THAT AND COME
[01:17:04] BACK AND DECIDE WHAT WE WOULD LIKE TO DO
[01:17:05] NEXT AS A COMMISSION. BUT I DEFINITELY
[01:17:07] DO THINK IT'S A POLICY DISCUSSION FOR US
[01:17:09] TO HAVE NEXT TIME.
[01:17:19] OH, THANK YOU, RUDY, FOR TURNING ON THE
[01:17:20] MIC FOR ME. APPRECIATE THAT.
[01:17:24] I'LL PAY YOU LATER.
[01:17:27] ONE OF THE THINGS I DID WANT TO BRING
[01:17:29] UP, THOUGH, REAL QUICK IS SINCE
[01:17:32] INITIATIVE 200, I 200 TURNED STATE OF
[01:17:35] WASHINGTON IN AN ANTI AFFIRMATIVE ACTION
[01:17:37] STATE. AND SO YOU KNOW WHAT'S BEEN
[01:17:39] HAPPENING RECENTLY AND SO FORTH. BUT ONE
[01:17:43] OF THE THINGS SINCE THAT HAPPENED, THE
[01:17:45] AMOUNT OF CERTIFICATION IN WOMEN
[01:17:46] MINORITY BUSINESSES AT OMW WENT DOWN

[01:17:49] PLUMMETED. AND WE HAVE DATA FOR THAT AS
[01:17:51] WELL THROUGH THE STATE OF WASHINGTON.
[01:17:53] SO A LOT OF ONE OF THE THINGS THAT I DID
[01:17:56] WANT TO BRING UP, THOUGH, AS PART OF THE
[01:17:57] RESIDENT 37 37, WHICH WAS A GREAT
[01:17:59] FOUNDATION TO THE GREAT WORK THAT THE
[01:18:01] PORT OF SEATTLE AND YOU COMMISSIONERS
[01:18:03] AND STAFF HAS REALLY TURNED REALLY
[01:18:05] TRYING TO BE INTENTIONAL ABOUT, IS ALSO
[01:18:08] THERE ARE SOME BUSINESSES THAT DECIDED
[01:18:10] NOT TO GET CERTIFIED. AS YOU MENTIONED
[01:18:11] ALREADY, COMMISSIONER CHO. BUT SOME OF
[01:18:13] THEM ALL GO SOMETIMES THEY GO TO OTHER
[01:18:15] ORGANIZATIONS LIKE THE NORTHWEST
[01:18:17] MINORITY SUPPLIER DEVELOPMENT COUNCIL
[01:18:19] THAT'S ANOTHER ORGANIZATION THAT GO AS A
[01:18:22] MEMBERSHIP. OR THE WE BANK, WHICH IS THE
[01:18:25] WOMAN'S BUSINESS. I FORGOT
[01:18:29] THE LAST LETTER. BUT THERE ARE SOME
[01:18:32] OTHER MEMBERSHIP ORGANIZATIONS THAT WE
[01:18:34] CANNOT DISCOUNT. AS WE CONTINUE TO
[01:18:37] THINK ABOUT OUR GAP YEAR NEXT YEAR,
[01:18:38] WHEN WE LOOK AT OUR POLICIES, WHAT WE'RE
[01:18:40] GOING TO DO WHEN IT COMES DOWN TO HOW
[01:18:42] WE'RE GOING TO MOVE THE NEEDLE FORWARD
[01:18:44] FOR OUR NEXT FIVE YEAR GOALS, I'M
[01:18:47] ASSUMING IN THE FUTURE THAT WE'LL BE ALL
[01:18:48] GOING THROUGH. THANK YOU.
[01:18:51] THANK YOU FOR THOSE COMMENTS AND THANK
[01:18:53] YOU FOR PRESENTING ON THE PORT. IF
[01:18:55] THERE'S NO FURTHER QUESTIONS, I WILL BE
[01:18:57] MOVING US ON TO ITEM NUMBER EIGHT ON
[01:19:01] THE AGENDA. SO, ITEM NUMBER EIGHT, THAT
[01:19:04] IS OUR RESTORATION CONSTRUCTION PROJECT.
[01:19:07] GLENN, PLEASE PROCEED. THANKS,
[01:19:09] COMMISSIONER. I'M GOING TO ASK SPENCER
[01:19:12] BRIGHT TO COME UP AND I KNOW WE ONLY
[01:19:13] HAVE A FEW MINUTES LEFT, ABOUT TWELVE
[01:19:15] MINUTES, SO I'M GOING TO MOVE THROUGH
[01:19:16] THIS PRETTY QUICKLY. THE LAST AUDIT IS A
[01:19:19] CLEAN AUDIT, ITEM NINE ON THE AGENDA.
[01:19:21] SO THIS IS OUR FINAL ITEM TO DISCUSS.
[01:19:24] SPENCER, IN THE INTEREST OF TIME, I'M
[01:19:26] GOING TO GO THROUGH THE FIRST COUPLE OF
[01:19:27] FEW SLIDES AND THEN I'M GOING TO HAND IT
[01:19:28] TO YOU. BUT ESSENTIALLY, THIS IS
[01:19:31] ENVIRONMENTAL REMEDIATION. WE'RE GOING
[01:19:34] TO BE SPENDING A LOT OF MONEY ON IT IN
[01:19:36] THE FUTURE. AGAIN, AS YOU HEARD
[01:19:38] YESTERDAY, WE'RE GOING FROM ABOUT 7.5
[01:19:40] MILLION A YEAR TO 50 MILLION
[01:19:41] ENVIRONMENTAL REMEDIATION. THIS IS ONE
[01:19:43] OF THOSE PROJECTS. AND AS WE DO THESE,
[01:19:46] WE HAVE TO AUDIT THEM. OBVIOUSLY, AS THE
[01:19:50] SLIDE SHOWS,
[01:19:52] MALARKEY ASPHALT COMPANY
[01:19:57] CREATED A MESS THAT WE'RE CLEANING UP
[01:19:59] AND THE PORT ACQUIRED THE PROPERTY,
[01:20:01] WE'RE CLEANING IT UP. AND THIS WAS MONEY
[01:20:04] TO BUILD THE DUWAMISH PEOPLE'S PARK ON
[01:20:06] THAT SITE. THE NEXT SLIDE, PLEASE,
[01:20:09] MICHELLE. THE SLIDES
[01:20:13] ESSENTIALLY SHOW A LITTLE BIT OF A

[01:20:14] BACKGROUND AS TO WHAT WE'RE SPENDING.
[01:20:17] BUT WITH SCARSELLA AND BROTHERS,
[01:20:20] THERE'S ALMOST \$15 MILLION THAT WE'RE
[01:20:22] SPENDING. AND AS THE PRIME GCCM
[01:20:26] CONTRACTOR, WHERE OUR
[01:20:30] JOB IS TO AUDIT THEM AND MAKE SURE THAT
[01:20:32] WHAT THEY'RE SUBMITTING TO THE PORT IS
[01:20:34] ACCURATE AND WE WORK WITH JANISON AND
[01:20:37] CONSTRUCTION MANAGEMENT TEAM ON THIS.
[01:20:39] NEXT SLIDE, PLEASE. SO ONE OF THE
[01:20:43] THINGS WE DID DO, WE'RE REQUIRED TO HAVE
[01:20:45] AN INDEPENDENT AUDIT. WE CAN MAKE THE
[01:20:47] ARGUMENT THAT WE'RE INDEPENDENT AS WELL,
[01:20:48] BUT WE DO GO OUT AND GET SPECIAL
[01:20:50] ADDITIONAL FIRM COMES IN AND WORKS WITH
[01:20:52] US. AND WE DID HAVE MINORITY WMBE FIRM
[01:20:55] BRANCH RICHARDS, WHICH THAT DID THE WORK
[01:20:58] HERE AND THEY DID AMAZING WORK. SO
[01:20:59] YOU'LL SEE IN THE NEXT SLIDE THAT
[01:21:01] SPENCER TALKS ABOUT THAT THEIR WMBE
[01:21:03] FIRM. UNFORTUNATELY, THE PARTNER IS
[01:21:05] RETIRING THIS YEAR, SO WE'LL HAVE TO
[01:21:08] FIND ANOTHER FIRM. BUT THEY DID
[01:21:10] MARVELOUS WORK AND NEXT SLIDE, PLEASE,
[01:21:12] AND SPENCER WILL TALK ABOUT THAT.
[01:21:17] THANK YOU, GLENN, AND GOOD AFTERNOON,
[01:21:19] COMMITTEE MEMBERS. I'M SPENCER BRIGHT,
[01:21:22] THE CAPITAL PROJECTS AUDIT MANAGER.
[01:21:26] SO, THE FOLLOWING TABLE DEPICTS THE
[01:21:28] RESULTS OF BRANCH RICHARD'S WORK.
[01:21:33] THERE'S STILL SOME MINOR WORK THAT THEY
[01:21:35] NEED TO PERFORM AS THIS PARTICULAR
[01:21:38] PROJECT IS ON HOLD. BUT TO DATE,
[01:21:42] BRANCH IDENTIFIED A NET OVER BILLING
[01:21:45] OF APPROXIMATELY \$340,000.
[01:21:49] THIS HAS ALREADY BEEN RECONCILED THROUGH
[01:21:52] THE PAY APPLICATION PROCESS DURING THE
[01:21:56] PROJECT, MEANING WE GOT THE MONEY BACK.
[01:22:02] NEXT SLIDE, PLEASE, MICHELLE.
[01:22:06] SO OUR PARTICULAR AUDIT,
[01:22:10] ABOVE AND BEYOND WHAT BRANCH RICHARDS
[01:22:13] DID, FOCUSED ON WE REVIEWED BRANCH
[01:22:16] RICHARDS WORK, THEIR WORK PAPERS, TO SEE
[01:22:18] IF WE AGREED WITH THE WORK THEY
[01:22:20] PERFORMED. WE LOOKED AT THE BIDDING
[01:22:23] REQUIREMENTS,
[01:22:25] GCCM NEGOTIATED SUPPORT SERVICE WORK,
[01:22:29] AND SELF PERFORMED WORK THAT THEY
[01:22:31] PERFORMED. OUT OF
[01:22:35] THE AREAS WE REVIEWED,
[01:22:39] WE NOTED TWO LOW LEVEL OBSERVATIONS.
[01:22:43] THE REST OF THE AREAS WERE GOOD, AND WE
[01:22:47] HAVE NO RECOMMENDATIONS OR ANYTHING FOR
[01:22:50] THOSE AREAS. SO, FOR ISSUE NUMBER ONE,
[01:22:55] WE NOTICED AS PART OF THE GCCM
[01:22:59] REQUIREMENTS, BY STATE LAW, WHEN THE
[01:23:02] GCCM GOES OUT TO BID FOR WORK,
[01:23:06] IF THEY INTEND TO SUBMIT
[01:23:10] A BID THEMSELVES, THEY HAVE TO PUT AN
[01:23:13] INTENT NOTIFICATION WITHIN THAT PROPOSAL
[01:23:17] REQUEST FOR THIS PROJECT.
[01:23:21] WHEN THESE SOLICITATIONS WENT OUT IN
[01:23:23] 2020, THAT INTENT WAS NOT INCLUDED

[01:23:27] IN THEIR RFP PRIOR
[01:23:31] TO OUR AUDIT, AND CENTRAL
[01:23:36] PROCUREMENT OFFICE CPO IDENTIFIED
[01:23:40] THAT THAT DID OCCUR AND DID UPDATE THEIR
[01:23:44] PROCESSES. SO CURRENTLY, THEIR PROCESS
[01:23:47] MAKES SURE THAT THIS REQUIREMENT IS MET
[01:23:50] AND SO THAT WILL BE MOVING THROUGH
[01:23:52] FUTURE SOLICITATIONS. NEXT SLIDE,
[01:23:55] PLEASE.
[01:23:59] THE SECOND ISSUE IS RELATED TO TWO
[01:24:03] SELF PERFORMED TASKS THAT THE GCCM
[01:24:06] PERFORMED AT THAT TIME.
[01:24:09] THE GCCM WAS DIRECTED BY
[01:24:13] THE RESIDENT ENGINEER OR THE PERSON IN
[01:24:16] CHARGE OF THE PROJECT TO BILL
[01:24:19] ON A PERCENT COMPLETION BASIS
[01:24:23] MONTHLY INSTEAD OF ACTUAL COSTS AS THE
[01:24:28] CONTRACT WAS WRITTEN. THIS RESULTED IN
[01:24:31] AN OVER BILLING OF APPROXIMATELY
[01:24:33] \$166,000 OR OVERPAYMENT
[01:24:38] PRIOR TO OUR AUDIT. AGAIN, THE CURRENT
[01:24:41] RE THAT'S ASSIGNED TO THE AUDIT NOTED
[01:24:45] THIS BILLING DISCREPANCY AND HAS
[01:24:49] BEEN IN THE PROCESS OF RECONCILING THE
[01:24:51] DIFFERENCE BEFORE WE CAME ON SITE. THE
[01:24:55] CONSTRUCTION MANAGEMENT TEAM HAS ALREADY
[01:24:57] BEEN IN DISCUSSIONS WITH THE GCCM,
[01:25:01] WHO IS IN AGREEMENT, AND THERE IS A PLAN
[01:25:05] TO GET A CREDIT OF THIS DIFFERENCE,
[01:25:09] WHICH IS APPROXIMATELY \$166,000.
[01:25:14] COMMISSIONER, SINCE WE'RE CLOSE IN TIME,
[01:25:17] AND THESE ARE BOTH LOW RISK ISSUES THAT
[01:25:19] HAVE BEEN ADDRESSED, UNLESS YOU WANT TO
[01:25:21] HEAR FROM MANAGEMENT, WE CAN CLOSE THIS
[01:25:24] OUT AND MOVE ON OR TAKE QUESTIONS IF
[01:25:26] NEEDED. NOW, HOLD FOR A SECOND. ANY
[01:25:29] QUESTIONS FROM THE COMMITTEE MEMBERS?
[01:25:31] ALL RIGHT, NO QUESTIONS. WE CAN MOVE ON
[01:25:33] TO THE NEXT ITEM THEN. VERY GOOD.
[01:25:37] THE NEXT ITEM ON THE AGENDA IS ITEM
[01:25:40] NUMBER NINE, WHICH IS THE DOUG FOX
[01:25:42] PARKING. GLENN, PLEASE PROCEED. THANK
[01:25:45] YOU, COMMISSIONER. SO I WON'T GO INTO A
[01:25:48] LOT OF DETAIL ON THIS, BUT DOUG FOX IS A
[01:25:50] PARKING LOT, ONE OF THE LARGEST ONES.
[01:25:53] THAT'S PORT OWNED RIGHT BY THE AIRPORT.
[01:25:56] AND THIS IS ESSENTIALLY A CLEAN AUDIT.
[01:25:59] THEY'RE LARGE REVENUES ARE ABOUT 14,
[01:26:02] 15 MILLION A YEAR. THEY PAID US
[01:26:05] EVERYTHING. THEY'RE A SMALL BUSINESS,
[01:26:08] KIND OF, BUT I MEAN,
[01:26:12] THE INDIVIDUAL THAT RUNS IT, IT DEPENDS
[01:26:17] IF YOU LOOK AT AYE. REVENUE AND THE
[01:26:19] DEFINITION THAT WE USE. BUT NONETHELESS,
[01:26:23] I THINK THERE WAS A CREDIT THAT HE WAS
[01:26:25] OWED. AND WHEN WE DO THESE AUDITS, ONE
[01:26:27] OF THE THINGS WE DO, IT GOT LOST IN THE
[01:26:29] SHUFFLE. SO HE HAD SENT THE REQUEST OVER
[01:26:33] FOR AYE. CREDIT IN 2020, I BELIEVE, GOT
[01:26:36] LOST JUST A FEW HUNDRED DOLLARS. BUT WE
[01:26:38] RECONCILED THAT WE FOUND IT, AND WE MADE
[01:26:39] SURE HE GOT DES MOINES BACK SO SMALL.
[01:26:43] BUT THAT'S IT. COMMISSIONERS, IT'S A

[01:26:45] CLEAN AUDIT, AND I HAVE NOTHING MORE
[01:26:47] TODAY. SORRY.
[01:26:52] THANK YOU FOR SHARING THAT INFORMATION.
[01:26:55] ARE THERE ANY QUESTIONS FOR MY COMMITTEE
[01:26:57] MEMBERS, COLLEAGUES? ALL RIGHT,
[01:27:01] SO IT LOOKS LIKE WE'RE AT THE END OF OUR
[01:27:05] AGENDA. MAKE SURE I DIDN'T MISS
[01:27:08] ANYTHING.
[01:27:13] OKAY, SO THIS BRINGS US TO THE CLOSE OF
[01:27:17] THE MEETING. MR. FERNANDEZ, DO YOU HAVE
[01:27:19] ANY CLOSING COMMENTS THAT YOU'D LIKE TO
[01:27:21] SHARE NOW? I JUST WANT TO SAY THANK YOU
[01:27:23] TO EVERYONE HERE THAT CAME AND BOOKED
[01:27:27] ME AND THE FOLKS THAT LEFT, AS WELL AS
[01:27:30] OUR TEAM THAT DID ALL THE WORK. SO THANK
[01:27:32] YOU VERY MUCH. COMMISSIONER. THANK YOU.
[01:27:34] ARE THERE ANY CLOSING COMMENTS FROM THE
[01:27:36] COMMITTEE MEMBERS? NO COMMENTS. GREAT.
[01:27:39] WELL, THANK YOU SO MUCH FOR ALL OF THE
[01:27:41] HARD WORK THAT YOU AND YOUR TEAM DO.
[01:27:43] AND THANKS TO EVERYONE WHO PRESENTED
[01:27:45] TODAY. I WILL BE CLOSING US OUT,
[01:27:49] HEARING NO FURTHER COMMENTS, AND HAVING
[01:27:52] NO FURTHER BUSINESS, IF THERE IS NO
[01:27:54] OBJECTIONS TO ADJOURN, WE ARE NOW
[01:27:57] ADJOURNED, AND THE CURRENT TIME IS 12:27.
[01:28:02] THANK THANK YOU.

END OF TRANSCRIPT