

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

Port of Seattle Real Estate Management and Selected Programs (December 13, 2010)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on January 5, 2011

The performance audit being discussed at this hearing was conducted solely and independently by the office of the State Auditor, under the authority of legislation approved by the voters in Initiative 900. The State Auditor is elected directly by the people of the State of Washington and operates independently of the Legislature and the Joint Legislative Audit & Review Committee. Staff to the Joint Legislative Audit & Review Committee prepare a summary of public testimony on State Auditor reports. These summaries are for informational purposes only, and do not serve as an assessment by committee staff of the findings and recommendations issued by the State Auditor nor do they reflect a staff opinion on legislative intent.

Title: Port of Seattle Real Estate Management and Selected Programs

Audit Scope and Objectives:

SAO indicates its audit of the Port's real estate and leasing centered on three questions:

- Did the Port pay or receive fair market value when it purchased or sold property? SAO indicates it reviewed two major real estate purchases and two property sales dating back to 2004.
- Did the Port establish lease rates at fair market value? SAO reports that it examined 21 current leases managed by the Real Estate and Seaport divisions.
- Does the Port effectively manage billings and collections related to shipping terminals and moorage fees at Fisherman's Terminal?

SAO also indicates it looked at how the Port monitored and measured the benefits of its promotional activities; how it managed contracts with Port Jobs, a nonprofit organization; and how effectively the Port reported losses resulting from fraud, misuse and abuse of public resources.

SAO Findings:

The report is organized under five result areas:

1. Strategic Planning and Organization
2. Property Purchases and Sales
3. Port Property Leases

SAO Recommendations:

There are a total of ten recommendations to the Port of Seattle, with some in each results area:

1. Three recommendations in this area
2. One recommendation in this area
3. Two recommendations in this area

SAO Findings: (continued)	SAO Recommendations: (continued)
4. Cargo crane management and Fishermen’s Terminal	4. Two recommendations in this area
5. Accountability and compliance with laws and regulations	5. Two recommendations in this area
Agency Responses in Audit Report?	Yes, in Appendix F.
Legislative Action Requested?	No.

Agencies Testifying:

The Port of Seattle (Dan Thomas, Chief Financial and Administrative Officer; Joe McWilliams, Managing Director of Real Estate Division)

Summary of Testimony from Audited Agencies:

We had a collaborative relationship with the staff from the State Auditor’s Office and appreciate the work they have done. The contract auditors brought expertise, professionalism, and a wealth of insights. Many changes have occurred at the Port since the earlier SAO audit on construction management for better accountability, oversight, and transparency. The recommendations in the report are useful and timely, and we have already begun implementing a number of them. Some of the recommendations are in the policy realm, and the Port Commission will be taking up discussion of those, beginning next week.

Other Parties Testifying:

(No other parties signed in to testify.)

Summary of Testimony from Other Parties:

(No other parties signed in to testify.)