

CAPITAL DEVELOPMENT DIVISION

A. 2009 BUDGET SUMMARY

TABLE VIII-1: 2009 BUDGET SUMMARY

		(\$ in 000's)			
OPERATING RESULTS	Notes	2008 Budget	2009 Budget	Change 2009 Bud- 2008 Bud	% Change
Operating Expense		4,850	7,010	2,160	44.5%
Total Operating Expense	1	4,850	7,010	2,160	44.5%
COMMITTED CAPITAL BUDGET	2	N/A	N/A		
EMPLOYMENT (TOTAL FTEs)		260.5	271.3	10.8	4.1%

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Notes:

- 1) The new Capital Development Division was established during 2008 and will become fully operational during 2009. It houses existing engineering, project management and construction functions and the Port's new Central Procurement Office which consolidates contracting and procurement functions.
- 2) Capital Development Division has no capital budget for 2009. See Section X for details of Capital Budget.

B. MISSION STATEMENT

The Capital Development Division (CDD) delivers projects and provides technical and contracting services in support of the business plans and infrastructure needs of the Port of Seattle.

Our vision is to be a service provider to the operating divisions of the Port of Seattle, attuned to their needs and priorities. As Port employees we are public servants, conscious of our obligations to policy objectives for jobs creations, environmental protection, and social responsibility and committed to openness and accountability for all our actions. We strive to employ the best available technology and most efficient business practices. Our employees are critical to short and long-term success of the organization.

C. KEY RESPONSIBILITIES & SERVICES

OVERVIEW

The three operating divisions of the Port are supported by the CDD based on level of project and contracting services required to support their operations and capital & expense project needs. The services by the departments within the division are demand driven.

The major initiatives and service plans for the Capital Development departments in 2009 are:

CAPITAL DEVELOPMENT ADMINISTRATION:

The Capital Development Administration provides leadership over the Capital Development Departments and the Central Procurement Office.

- **Key Goals**
 - Team Collaboration
 - Provide opportunities for staff to be project team members and utilize their strengths for project success.
 - Customer Service
 - Identify customer needs and expected project outcomes.
 - Obtain a “Project Score Card” at the end of each project from our customers
 - Successfully implement Aviation, Seaport and Real Estate CIPs in terms of safety, cost and schedule, environmental and small business.
 - Provide contracting services.
 - Provide emergency preparedness.
 - Continue to provide a proactive safety program internally to the Port and externally with the contracting community.
- **Key Performance Indicators**
 - Construction Soft Costs. Limit construction soft costs (design, construction management, project management, environmental documentation) to no more than 25% of total capital improvement costs.
 - Cost Growth during Construction. Limit average mandatory change cost growth to 4% of construction contract award. Limit average discretionary change cost growth to 4% of construction contract award.
 - Schedule. Limit time growth from initial Commission project authorization to substantially complete to no more than 10% of originally allotted duration.
 - Small Business Participation.
 - 30% of Port Construction Services contracts and purchases
 - 8% of Major Construction contracts
 - At levels agreed upon with the Office of Social Responsibility for all Service Agreements.
 - Customer Score Card. Average 30 out of a possible 35 points on project customer feedback scorecard.
 - Environmental. Incorporate Executive Policy and Procedure 15 (Sustainable Asset Management) and/or LEED process in every project initiated in 2009.
 - Safety.
 - Score an average of 90 out of a possible 100 points on CDD organizational Safety Program Evaluations.
 - Limit annual contractor workplace injury rate to six recordable accidents and two time lost accidents.
 - Performance Review Timelines. Complete and submit 98% of performance reviews within four weeks of review date.

CENTRAL PROCUREMENT OFFICE:

The Central Procurement Office (CPO) is a service organization that guides the Port through the procurement and contracting processes to ensure timely procurement of qualified consultants, contractors, and goods and services. CPO is responsible for creating an open, fair, transparent, and competitive procurement process promoting business opportunities for all firms seeking to do business with the Port. CPO provides oversight and assistance with respect to ensure compliance with state and federal laws, grant requirements, Port policies and procedures, and contract financial terms.

Our vision is that we will collaboratively work with our clients developing procurement and contract documents that promote expeditious, transparent, and timely procurements where all firms, especially small businesses, have an open and fair opportunity to compete for Port business. We will be noted for high technical proficiency, fairness, creativity, effective solutions, timely response, and compliance with legal requirements and Port policies and procedures. The cornerstone to this accomplishment will be a professional, interactive, innovative work force demonstrating quality and exceptional judgment working within an efficient organizational structure.

- **Key Goals**
 - Ensure consistent timely and legally compliant procurement.
 - Assess and revise Port procedures and documents to ensure compliance with state laws, Port Commission Resolution 3605, and best practices.
 - Provide training to staff, including obtaining procurement qualification for the CPO team.
- **Key Performance Indicators**
 - Utilize a customer feedback process.
 - Monitor change orders and amendments to ensure correct application of contract rates, liquidated damages and terms.
 - Participate in outreach to small business.
 - Complete performance reviews before annual dates.
 - Complete Performance Audit or other audit action items.
 - Develop and maintain an on-going qualification training program.

ENGINEERING DEPARTMENT:

Engineering Services shall provide high quality, timely and cost effective engineering and related technical consultant services, design, quality management, surveying and mapping, administrative support, construction safety, and construction management services in partnership and consistent with the needs and desires of our customers and the Port's missions, goals and policies.

Our vision is that our customers will consider us the best public Engineering organization in the region, by the industries, which we serve, and by our peers. We will be noted for high technical proficiency, fairness, creative and effective solutions, timely response and quality service. The cornerstone to this accomplishment will be a professional, interactive, innovative work force demonstrating quality and exceptional judgment working within an efficient organizational structure.

- **Key Goals**
 - Successfully construct the Aviation, Seaport and Real Estate Capital Projects.
 - Provide emergency readiness.
- **Key Performance Indicators**
 - Design as a percentage of construction.
 - Construction Management as a percentage of construction.
 - All other soft cost as a percentage of construction.
 - Cost growth during construction (change orders).
 - Schedule to baseline for construction portion of Commission authorization as a ratio of actual days over days allotted.
 - Small Business Participation as a percentage of our (CDD) contracts score card.
 - Safety – track and report leading and logging safety indicators and perform within Port, State and National measures.
 - Maintain direct charging (billability).
 - Monitor cost of services against industry standards for overheads.
 - Monitor major construction as-builts.
 - Complete performance reviews within two weeks after annual due dates.

PORT CONSTRUCTION SERVICES:

Port Construction Services (PCS) is the center of excellence for construction related services in the delivery of small works projects and programs for the Port of Seattle. PCS will contribute toward the strategic goals of the Capital Development Division by providing resources and small works construction expertise.

- **Key Goals**
 - Provide a safe working environment for all Port personnel, consultant service providers and construction contractors.
 - Provide opportunities for minority-owned, woman-owned and small businesses to work for the Port.
 - Dependent upon the work performed, PCS will maintain or reduce the soft cost overhead percentage (as a percentage of construction costs) as compared with the previous year.
 - Ensure that the dollar value of PCS field crews as a percentage of contractor payments remains lower than the 25% that was agreed upon during the creation of PCS.
 - Utilize “green” building materials on construction projects.
- **Key Performance Indicators**
 - Maintain or lower our cost per hour for accidents and injuries as compared with the previous year.
 - Work collaboratively with the Office of Social Responsibility, the Central Procurement Office & Project Managers to increase opportunities for minority-owned, woman-owned and small businesses to work for Port Construction Services
 - Dependent upon the work performed, PCS will reduce the dollar value of employee discretionary spending as compared to the previous year by 4.7%.
 - Dependent upon the work performed, PCS will maintain or lower the soft cost percentage (as a percentage of construction cost) as compared with the year ending 2008.
 - Maintain the dollar value of PCS field crews as a percentage of contractor payments at 25% or less.
 - Maximize use of “green” building materials on construction projects.

AVIATION PROJECT MANAGEMENT GROUP:

The Aviation Project Management Group (AV/PMG) delivers projects and provides services to the Aviation Division in support of its business plans and infrastructure needs.

Our vision is to provide service to the Aviation Division, attuned to the needs of the Project Sponsors and their priorities. As Port employees we are public servants, conscious of our obligations to policy objectives for jobs creations, environmental protection and social responsibility and committed to openness and accountability for all our actions. We strive to employ the best available technology and most efficient business practices. Our employees are critical to short and long-term success of the organization.

- **Key Goals**
 - Keep safety first for the AVPMG staff and in the projects we manage.
 - Accomplish the Aviation Divisions projects with the approved scope, within budget and on time.
 - Ensure that all procurements are done according to requirements of state law, Port policies, federal grants and other controlling regulations. Help develop the new procedures in cooperation with the and in support of the Central Procurement Office.
 - Participate with the other CDD departments to refine the ways we implement projects and conduct procurements. Build an understanding and support within the PMG staff for the new ways of accomplishing our work.
 - Adapt to changes in the airline industry and national economy that affect the Aviation CIP.
 - Continue to emphasize staff development and succession preparation through assignments, training and development plans.

- **Key Performance Indicators**
 - Limit construction soft costs (design, construction management, project management, environmental documentation) to no more than 25% of total capital improvement costs.
 - Limit average mandatory change cost growth to 4% of construction contract award. Limit average discretionary change cost growth to 4% of construction contract award.
 - Limit time growth from initial Commission project authorization to substantially complete to no more than 10% of originally allotted duration.
 - Small Business Participation.
 - 30% of Port Construction Services contracts and purchases
 - 8% of Major Construction contracts
 - Average 30 out of a possible 35 points on project customer feedback scorecard.
 - Incorporate Executive Policy and Procedure 15 (Sustainable Asset Management) and/or LEED process in every project initiated in 2009.
 - Complete and submit 98% of performance reviews within 4 weeks of the review date.
 - Safety:
 - Score an average of 90 out of a possible 100 points on CDD organizational Safety Program Evaluations.
 - Limit annual contractor workplace injury rate to six recordable accidents and two time lost accidents.
 - Accomplish at least 90% of the planned CIP as measured by the 4th Quarter 208 cash flow forecast.

SEAPORT PROJECT MANAGEMENT GROUP:

Seaport Project Management supports the planning, design, and construction of projects that allow for the most efficient movement of passengers and goods through our Seaport, supporting Seattle as a center of trade and commerce for the region, the country, and the world.

- **Key Goals**
 - Project Delivery - project definitions are clearly defined, project database is updated and current, project schedule is developed and maintained, and procedures for trends/budget are followed.
 - Complete planned project work.
 - Communications – Commission memos are accurate and complete. Critical issues are clearly articulated, in a timely manner, to leadership and business customers.
 - All required reports are completed and on time.
 - Project Notebooks are completed updated and filed according to procedures.
 - Engage in opportunities to work on team projects within the Port organization.
 - Provide opportunities for Port staff (Engineering, PCS, Maintenance, Construction Management, Contracts Administration, Environmental, etc.) to be project team members and utilize their strengths of project success.
 - Provide Customer Service by - Identifying customer needs and expected project outcomes. Establishing and maintaining check-in with internal and external customers. Obtaining completed “Project Score Card”.
 - Safety as demonstrated through commitment to a safe work environment.
 - Performance reviews will be completed and submitted on or before the employee’s annual review date.
- **Key Performance Indicators**
 - Design as a percentage of construction cost.
 - Construction Management as a percentage of construction cost.
 - Project Management as a percentage of construction cost.
 - Environmental/Permitting as a percentage of construction cost.
 - Cost Growth of Construction.

- Schedule – actual compared to baseline expressed as a ratio of allotted duration.
- Small Business participation as a percentage of contracts.
- Construction safety.
- Number of performance reviews completed on time.

D. CAPITAL DEVELOPMENT DIVISION BUDGET SUMMARY

The following Tables VIII-2 & VIII-3 and Figures VIII-1 & VIII-2 illustrate the expenses for Capital Development Division by department and by account:

TABLE VIII-2: CAPITAL DEVELOPMENT EXPENSE BY DEPARTMENT

(\$ in 000's)	2007 Actual	2008 Budget	2009 Budget	% Change 2009 Bud- 2008 Bud
By Department				
Capital Development Administration			\$554	0.0%
Central Procurement Office	37	20	1,494	7477.6%
Project Controls & Administration	1,730	1,975	2,161	9.4%
Engineering	1,188	1,355	1,351	-0.3%
Port Construction Services	2,268	1,500	1,449	-3.4%
Capital Development Division Expenses	\$5,223	\$4,850	\$7,010	44.5%

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Notes:

The new Capital Development Division was established during 2008 and will become fully operational during 2009. It houses existing engineering, project management and construction functions and the Port’s new Central Procurement Office which consolidates contracting and procurement functions.

FIGURE VIII-1: CAPITAL DEVELOPMENT EXPENSE BY DEPARTMENT

(\$ in 000's)

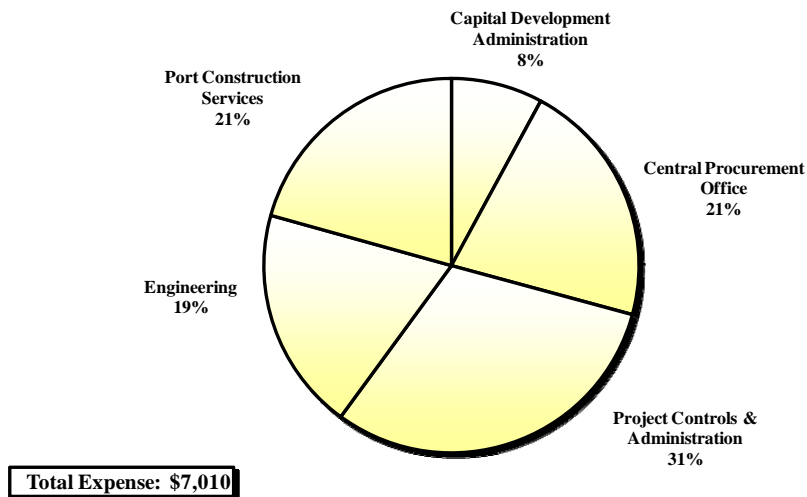


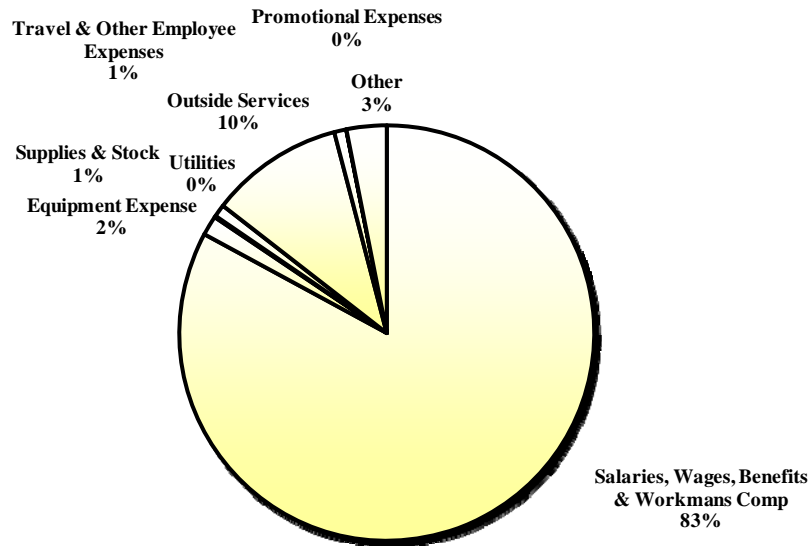
TABLE VIII-3: REVENUES AND EXPENSES BY ACCOUNT

(\$ in 000's)	2007 Actual	2008 Budget	2009 Budget	% Change 2009 Bud- 2008 Bud
By Account				
Revenue				
Other Revenue	32	\$ -	\$ -	0.0%
Total Revenue	\$ 32	\$ -	\$ -	0.0%
Expense				
Salaries, Wages, Benefits & Workmans Comp	18,915	26,112	28,678	9.8%
Equipment Expense	400	466	528	13.3%
Utilities	3	19	41	115.8%
Supplies & Stock	221	323	334	3.4%
Outside Services	5,241	5,228	3,605	-31.0%
Travel & Other Employee Expenses	151	340	322	-5.3%
Promotional Expenses	13	12	7	-41.7%
Other	2,712	2,091	1,082	-48.3%
Total Operating Expenses Before Charges to Capital	\$27,655	\$34,591	\$34,597	0.0%
Charges to Capital Projects	(22,432)	(29,741)	(27,587)	-7.2%
Total Expense	\$5,223	\$4,850	\$7,010	44.5%

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FIGURE VIII-2: CAPITAL DEVELOPMENT EXPENSE BY ACCOUNT

(\$ in 000's)



Total Before Charges to Capital Projects: \$34,597 Charges to Capital Projects: \$27,587 Total Expense 7,010
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E. STAFFING

The following Table VIII-4 depicts the proposed staffing requirements for 2009 by department for the Capital Development Division: Capital Development is budgeting 271.3, which is 10.8 higher than 2008.

TABLE VIII-4: CAPITAL DEVELOPMENT DIVISION STAFFING

STAFFING (Full-Time Equivalent Positions)					
BY DEPARTMENT	Notes	2008 Budget	2008 Est. Act.	2009 Budget	% Change 2009 Bud - 2008 Bud
Capital Development Administration		0.0	3.0	3.0	100.0%
Construction Contract Services		11.0	20.0	20.0	81.8%
Purchasing Services		10.0	15.0	14.0	40.0%
Engineering		111.5	109.5	111.5	0.0%
Port Construction Services		59.0	50.0	54.0	-8.5%
Aviation Project Management		52.0	47.0	49.0	-5.8%
Seaport Project Management		17.0	18.8	19.8	16.5%
TOTAL CAPITAL DIVISION		260.5	263.3	271.3	4.1%

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Notes:

The new Capital Development Division was established during 2008 and will become fully operational during 2009. It houses existing engineering, project management and construction functions and the Port's new Central Procurement Office which consolidates contracting and procurement functions.

F. CAPITAL BUDGET

The Capital Development Division has no capital budget for 2009.

G. CAPITAL DEVELOPMENT DIVISION SUMMARY

TABLE VIII-5: CAPITAL DEVELOPMENT DIVISION SUMMARY

in 000's						
OPERATING BUDGET	Notes	Actual 2007	Budget 2008	Fore cast 2008	Budget 2009	Growth 2009 Bud- 2008 Bud
Operating Revenue		\$32	\$0	\$0	\$0	
Operating Expense		5,223	4,850	4,850	7,010	44.5%
Total Operating Expense		5,223	4,850	4,850	7,010	44.5%
Income from Operations		(\$5,191)	(\$4,850)	(\$4,850)	(\$7,010)	44.5%
CAPITAL SPENDING	1		N/A	N/A	N/A	
TOTAL FTEs			260.5	263.3	271.3	4.1%

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Notes:

- 1) Capital Development Division has no capital budget for 2009. See Section X for details of Capital Budget.