

CAPITAL DEVELOPMENT DIVISION

A. 2010 BUDGET SUMMARY

TABLE VIII-1: 2010 BUDGET SUMMARY

(\$ in 000's)		2008	2009	2010	Change	
OPERATING RESULTS	Notes	Actual	Budget	Budget	2010 Bud- 2009 Bud	% Change
Operating Expense		6,286	7,010	7,352	342	4.9%
Total Operating Expense		6,286	7,010	7,352	342	4.9%
COMMITTED CAPITAL BUDGET	1	N/A	N/A	N/A		
EMPLOYMENT (TOTAL FTEs)		263.3	271.3	268.0	(3.3)	-1.2%

CAPDEVSUM.XLS

Notes:

- 1) Capital Development Division has no capital budget for 2010. See Section X for details of Capital Budget.

B. MISSION

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.

The CDD is a service provider to the business divisions of the Port, attuned to their needs and priorities. As Port employees we are public servants, conscious of our obligations to policy objectives for jobs creation, environmental protection, 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.

C. KEY RESPONSIBILITIES & SERVICES

OVERVIEW:

The three business divisions of the Port are supported by the CDD based on level of project and contracting services required to support their operations and capital and 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 2010 are:

CAPITAL DEVELOPMENT ADMINISTRATION:

- **Key Goals:**
 - Provide leadership to accomplish Division goals.
 - Ensure prompt processing of approvals and actions.

- **Key Performance Indicators or Measures:**
 - 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:
 - 35% of PCS contracts and purchases
 - 8% of Major Construction contracts
 - 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 2010.
 - 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 6 recordable accidents and 2 time lost accidents.
 - Performance Review timeliness. Complete and submit 90% of performance reviews by review date.

CENTRAL PROCUREMENT OFFICE

- **Key Goals:**
 - Ensure consistent timely and legally compliant procurements.
 - Continue assess and revise Port procedures, templates, checklists, procurement templates, contracts standard terms and conditions to ensure compliance with state laws.
 - Provide training to Port staff, including procurement qualification for CPO team.
- **Key Performance Indicators or Measures:**
 - Finalize port procedures for interlocal agreements and expanded use of the Procurement Card.
 - Bring CPO Staff levels up to full service with replacing staff who left on CSP and hiring remaining vacant positions.
 - Begin certification program training of CPO Staff.
 - Develop series of procurement training classes for Port personnel.
 - Refine Construction contract boilerplate and Service Agreement boilerplate.
 - Move files into centralized file space.
 - Develop and implement customer feedback process.
 - Leverage all existing information systems and explore the development of new applications to effectively monitor all procurement processes. In conjunction with this effort develop management tools to measure specific performance metrics to gauge performance and effectiveness.
 - Evaluate staff contract effectiveness and use of open contract to determine appropriateness of implement Port competitive process in lieu of state contracts.
 - Work with AFR staff to implement E-Payable with qualified suppliers and contractors.
 - Implement metric(s) for monitoring effectiveness and responsiveness of service delivery to CPO clients. Metrics will track such items as number of procurements, meeting RFP process and contract execution milestones.

ENGINEERING DEPARTMENT:

- **Key Goals:**
 - Provide high quality, timely and cost effective engineering and related technical consultant services, design, quality management, surveying, mapping, administrative support, construction safety, and construction management services.
- **Key Performance Indicators or Measures:**
 - Successfully implement Aviation, Seaport and Real Estate CIP's.
 - Provide emergency readiness and contracting services, including declaration of emergency services.

PORT CONSTRUCTION SERVICES

- **Key Goals:**
 - Manage the Port's Small Works program in a manner that reflects the goals, values, and principles of the Port of Seattle.
 - Provide construction and construction management services to the operating divisions in the most cost effective manner possible.
 - The Regulated Materials Management Program (RMM) supports construction by performing necessary and required regulated building material surveys prior to construction.
 - Provide on-call emergency response.
 - On selected projects where it is preferred for cost, quality, time or other considerations, PCS will complete projects with its own work crews and equipment in partnership with a team of private contractors. PCS will execute the work items where we are efficient with in-house resources and contract out the portions of work where private contractors can better serve the needs of our customers.
 - On some projects, it will be most advantageous to contract out the entire project. In this case, PCS provides complete construction management services including: estimating, contract administration, inspection, quality control and project closeout.
 - PCS provides management and construction services as needed to support the Port of Seattle emergency response needs for items such as snow removal or earthquake response.
 - The RMM program is a service group and it provides resources to meet regulatory requirements that allow construction, demolition or maintenance projects to be undertaken safely with respect to public and worker exposure to regulated materials.
- **Key Performance Indicators or Measures:**
 - Safety First
 - Provide a safe working environment for all Port of Seattle personnel, consultant service providers and construction contractors.
 - High Performance Organization
 - Provide opportunities for minority-owned, woman-owned and small businesses to work for the Port of Seattle.
 - Depending on the amount of work actually performed, PCS will maintain or reduce the soft cost overhead percentage (as a percentage of construction costs) as compared with the previous year.
 - Public – Private Partnerships
 - 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.
 - Environmental Strategies (Green Port), Utilize “green” building materials on construction projects.

AVIATION PROJECT MANAGEMENT GROUP

- **Key Goals:**
 - Safety. Keep safety first for the AV/PMG staff and in the projects we manage.
 - Project Delivery. Accomplish the Aviation Divisions projects with the approved scope, within budget and on time.
 - Compliance. 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 and support of the Central Procurement Office.

- **Key Performance Indicators or Measures:**
 - Innovation and Change Management. Participate with the other CDD department 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. Changes for 2010 (that are known now) include:
 - New EPDS software (Skire)
 - New CPO processes
 - Acquisition Planning
 - New Small Works procedures
 - New Small Business Plan and procedures
 - SharePoint document management system
 - Some revised staffing structure within PMG, and
 - Adjusting to the changes in leadership resulting from the Voluntary Separation Program.
 - Adapt to changes in the airline industry and national economy that affect the Aviation CIP.
 - Staff Development. Continue to emphasize staff development and succession preparation through assignments, training and PREPs.

SEAPORT PROJECT MANAGEMENT GROUP

- **Key Goals:**
 - Capital project delivery.
 - Expense project delivery.
 - Provide support to Seaport and Real Estate Divisions.
 - Provide support to the Capital Development Division.
 - Emergency response preparedness.
 - Safety.
 - Department administrative functions.

- **Key Performance Indicators or Measures:**
 - **Capital Projects:**
 - Complete T18 Construction Issues – C102874.
 - Complete T25/T30 Improvements – C800064.
 - Continue work on the Alaskan Way Street Vacation – C000579.
 - Continue permitting P24/T25 Timber Pier Habitat – C102480.
 - Complete T10 Interim Development – C800264.
 - Complete T18 South End Fender System – C800121.
 - Complete T5 Crane Cable Reels – No CIP assigned.
 - Complete P91 Fender System Upgrade – C800183.
 - Complete T-115 Berth 1 Reconstruction – C102451.
 - Complete North Harbor Island Mooring Dolphins – C800182.
 - Permit and award MIC Seawall Replacement – C800175.
 - Begin multi-year replacement of FT Net Shed roofs – C800045.
 - Permit and award FT East Portion South Wall – C800136.
 - Permit and award FT NW Dock East Fender System Replacement – No CIP assigned.

- Permit and award FT C-15 Building HVAC Replacements – C800137.
- EPDS deployed and functioning. Transition from SPOTS complete.
- **Expense Projects:**
 - Complete FT Net Shed Improvements Study.
 - Begin multi-year FT Piling Replacement.
 - Complete SBM M-Restroom Rehabilitation.
 - Complete P69 Under Dock Inspection.
 - P69 Repair Under Dock hangers and conduit.
 - Complete T102 Electrical Condition Study.
 - Complete design and permitting for T5 Maintenance Dredging.
 - T46 Cranes (continued monitoring and repairs as necessary).
 - Begin construction of EMWGS.
 - T117 Habitat Restoration - Begin base-mapping and schematic design.
 - T18 Complete under-dock inspections.
 - T30 Begin under-dock inspections.
 - T108 Begin design for source control.

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)	2008 Actual	2009 Budget	2010 Budget	% Change 2010 Bud- 2009 Bud
By Department				
Capital Development Administration	\$93	\$554	\$387	-30.2%
Central Procurement Office	1,313	1,494	2,188	46.4%
Engineering	1,253	1,351	1,155	-14.5%
Port Construction Services	1,965	1,449	1,585	9.4%
Project Manangement Group - Aviation	861	761	1,336	75.6%
Project Management Group - Seaport	799	1,400	701	-49.9%
Capital Development Division Expenses	\$6,286	\$7,010	\$7,352	4.9%

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FIGURE VIII-1: CAPITAL DEVELOPMENT EXPENSE BY DEPARTMENT

(\$ in 000's)

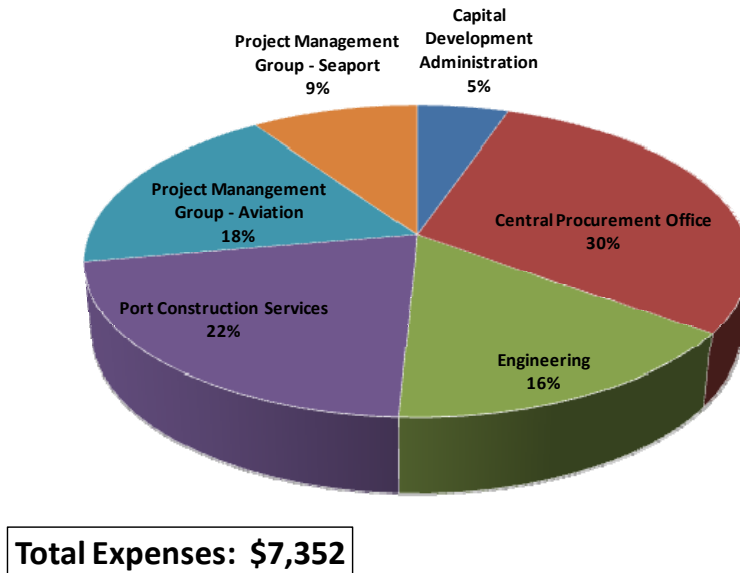
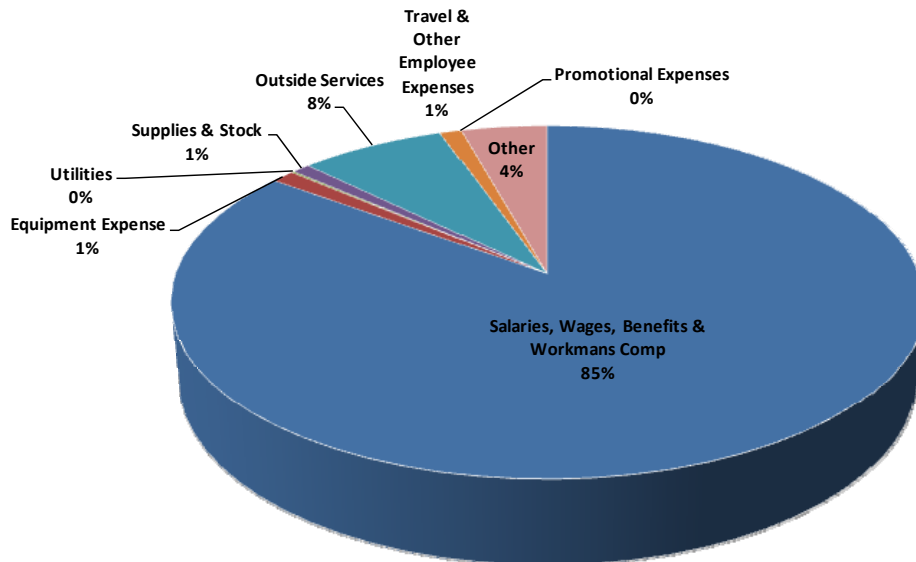


TABLE VIII-3: REVENUES AND EXPENSES BY ACCOUNT

(\$ in 000's)	2008 Actual	2009 Budget	2010 Budget	% Change 2010 Bud- 2009 Bud
By Account				
Revenue				
Other Revenue	7	\$ -	\$ -	0.0%
Total Revenue	\$ 7	\$ -	\$ -	0.0%
Expense				
Salaries, Wages, Benefits & Workmans Comp	22,681	28,678	28,913	0.8%
Equipment Expense	291	528	395	-25.2%
Utilities	37	41	47	14.6%
Supplies & Stock	264	334	308	-7.8%
Outside Services	4,489	3,605	2,480	-31.2%
Travel & Other Employee Expenses	165	322	353	9.6%
Promotional Expenses	2	7	2	-71.4%
Other	2,637	1,082	1,461	35.0%
Total O&M without Environmental	\$30,565	\$34,597	\$33,959	-1.8%
Environmental Reserve	\$ (130)	\$ -	\$ -	
Total O&M with Environmental	\$ 30,435	\$ 34,597	\$ 33,959	-1.8%
Charges to Capital Projects	(24,151)	(27,587)	(26,607)	-3.6%
Total Expense	\$6,286	\$7,010	\$7,352	4.9%

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FIGURE VIII-2: CAPITAL DEVELOPMENT EXPENSE BY ACCOUNT
(\$ in 000's)



Total Before Charges to Capital Projects: \$33,959 Charges to Capital Projects: \$26,607 Total Expense: \$7,352
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E. STAFFING

The following Table VIII-4 depicts the proposed staffing requirements for 2010 by department for the Capital Development Division: Capital Development is budgeting 268 positions, which is 3.3 lower than 2009.

TABLE VIII-4: CAPITAL DEVELOPMENT DIVISION STAFFING

STAFFING (Full-Time Equivalent Positions)		2009 Budget	2009 Est. Act.	2010 Budget	% Change 2010 Bud - 2009 Bud
BY DEPARTMENT	Notes				
Capital Development Administration		3.0	2.0	2.0	100.0%
Construction Contract Services		20.0	36.0	36.0	80.0%
Purchasing Services		14.0	0.0	0.0	-100.0%
Engineering		111.5	111.5	111.5	0.0%
Port Construction Services		54.0	55.0	55.0	1.9%
Aviation Project Management		49.0	49.0	45.0	-8.2%
Seaport Project Management		19.8	21.5	18.5	-6.6%
TOTAL CAPITAL DIVISION		271.3	275.0	268.0	-1.2%

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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 2010.

G. CAPITAL DEVELOPMENT DIVISION SUMMARY

TABLE VIII-5: CAPITAL DEVELOPMENT DIVISION SUMMARY

in 000's	Notes	Actual 2008	2009		Budget 2010	Growth 2010 Bud- 2009 Bud
			Budget	Forecast		
OPERATING BUDGET						
Operating Revenue		\$7	\$0	\$0	\$0	
Operating Expense		6,286	7,010	6,024	7,352	4.9%
Total Operating Expense		6,286	7,010	6,024	7,352	4.9%
Income from Operations		(\$6,279)	(\$7,010)	(\$6,024)	(\$7,352)	4.9%
CAPITAL SPENDING	1		N/A	N/A	N/A	
TOTAL FTEs		263.3	271.3	275.0	268.0	-1.2%

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Notes:

- 1) Capital Development Division has no capital budget for 2010. See Section X for details of Capital Budget.