

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6b</u>
Date of Meeting	<u>July 23, 2013</u>

DATE: July 12, 2013

TO: Tay Yoshitani, Chief Executive Officer

FROM: Mike McLaughlin, Director, Cruise and Maritime Operations
MaryAnn Lobdell, Manager, Marine Maintenance Compliance & Fleet

SUBJECT: Resolution No. 3682, declaring certain personal property surplus (Port of Seattle Heavy Lift Truck No. 25) and authorizing its sale or disposal

ACTION REQUESTED

Request (1) unanimous consent to adopt Resolution No. 3682 at the same meeting at which it is first introduced, as required by Article VIII, Section 1, of the Commission Bylaws; and (2) First Reading and Second Reading and Final Passage of Resolution No. 3682 : A Resolution of the Port Commission of the Port of Seattle declaring Heavy Lift Truck No. 25 surplus for Port District purposes and authorizing the Chief Executive Officer to execute all documents necessary for its sale or disposal.

SYNOPSIS

Heavy Lift Truck No. 25 (HLT 25), located at Terminal 91, is a 1969 Towmotor Forklift Model AH60. It is 44 years old, has exceeded its expected lifecycle, and is in need of repairs, parts for which are obsolete. In 2011, the Seaport Division purchased a new replacement forklift as part of the Fleet Replacement Program. The new replacement forklift is smaller, more maneuverable, has cleaner emissions and better suits the current terminal operational needs. The justification for purchasing the new forklift included taking HLT 25 out of service to replace the aging forklift and to save maintenance costs. The Seaport Division requests approval to surplus HLT 25 and to dispose of property by sale for use by others or to be sold as scrap.

The Commission Bylaws require unanimous consent of all Commissioners to introduce and adopt a resolution at the same meeting, and RCW 53.08.090 requires the Commission to adopt a resolution to sell or convey personal property valued at more than \$17,000.

BACKGROUND

Heavy lift equipment at Terminal 91 is rented out to customers and tenants for lifting heavy fishing nets and large spools of wire rope weighing approximately 30,000 pounds. This equipment, including the forklift already acquired to replace HLT 25, provides a valuable source of income to the terminal and is a vital part of operations.

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RCW 53.08.090 provides that a port district “may sell or convey any of its real or personal property” valued at more than \$17,000 (amount adjusted annually) “when the port district has, by resolution, declared the property to be no longer needed for district purposes.” Article VIII, Section 1, of the Commission Bylaws requires unanimous consent by the Commission when a resolution is both introduced for the first time and adopted at the same meeting.

PROJECT JUSTIFICATION AND DETAILS

HLT 25 has exceeded its useful life and is beyond economical repair. In 2011, the Seaport Division purchased a new replacement forklift as part of the Fleet Replacement Program. HLT 25 is no longer needed for terminal operations and is scheduled for surplus. Port staff will dispose of HLT 25 in accordance with the guidelines of Policy AC-13, Disposition of Property. Staff anticipates sale of HLT 25 by December 31, 2013.

FINANCIAL IMPLICATIONS

Heavy Lift Truck No. 25 was purchased for \$67,038.25 in August 1969. Its estimated salvage value at auction is in the range of approximately \$15,000 to \$20,000. A comparable forklift in similar condition recently sold online for \$16,000. The current net book value of HLT 25 is \$0.00.

Financial Analysis and Summary

CIP Category	N/A
Project Type	N/A
Risk adjusted discount rate	N/A
Key risk factors	Key risk factors include the possibility that no buyer will be found for Heavy Lift Truck No. 25 and the Port may eventually need to consider disposing of this forklift as scrap metal.
Project cost for analysis	N/A
Business Unit (BU)	Seaport
Effect on business performance	There is no impact to business operations from this request to surplus Heavy Lift Truck No. 25. The sales proceeds, if any, and the related recognition of gain or loss on sale will be recorded as a non-operating activity in the year of sale.
IRR/NPV	N/A
CPE Impact	N/A

STRATEGIES AND OBJECTIVES

This request supports the Seaport Division’s business plan strategic goal to “maintain existing assets and invest in new developments to sustain and enhance Seaport vitality” by maintaining valuable Port assets and committing to their continued use. It also contributes to the business plan strategic goal to “be the global leader among seaports in demonstrating environmental

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stewardship and reducing the environmental impact of our operations” by supporting purchase of fuel-efficient equipment that creates less air pollution. Replacement of aging equipment also promotes improved worker safety.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Doing nothing would leave Heavy Lift Truck No. 25 as is. The forklift is not in service and in need of repairs. -This is not the recommended alternative.

Alternative 2) – Adopt Resolution No. 3682, which allows the Port to advertise for sale one 1969 Towmotor Forklift Model AH60 for use by others, trade for new equipment, or sell as scrap. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Resolution No. 3682.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.