

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	6e
Date of Meeting	June 14, 2016

DATE: June 6, 2016
TO: Ted Fick, Chief Executive Officer
FROM: MaryAnn Lobdell, Senior Fleet and Compliance Manager, Marine Maintenance
SUBJECT: First and Second Readings and Final Passage of Resolution No. 3723, surplus of construction equipment

ACTION REQUESTED

Request (1) unanimous consent to adopt Resolution No. 3723 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. 3723: A Resolution of the Port Commission of the Port of Seattle declaring certain personal property, construction equipment SPE.8579, SWP.1182, SPE.1201, as surplus for Port District purposes and authorizing the Chief Executive Officer to execute all documents necessary for its sale or disposal.

SYNOPSIS

The equipment, personal property listed below, needs to be declared as surplus and documentation for sale or trade-in initiated.

- 1.) **SPE.8579, 1993 Komatsu PC200LC-6 Excavator**
- 2.) **SWP.1182, 2001 Johnston 605 Sweeper**
- 3.) **SPE.1201, 2001 Case 590 Backhoe**

The estimated resale value of the property exceeds the \$18,000 threshold; the personal property requires authorization from the Commission to declare the property surplus and grant authority to the Chief Executive Officer to approve documentation to permit sale or trade- in of identified personal property. The 2016 Fleet Replacement Program has identified the aforementioned property as exceeding its useful service life and due for replacement.

AC-13, Disposition of Property, 3a-b, property is designated as “*obsolete*” when, “*Property which is outdated because of changes in operation or technology, or replaced by new/upgraded property, such as voluntary demolition during a capital improvement project, or replacement of a new vehicle.*” A recommended status of surplus occurs when, “*Property meeting one of the characteristics stated in paragraph .03(a) to (b) should be declared as “surplus property”.*” “

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

June 6, 2016

Page 2 of 6

The identified personal property has been determined to have surpassed its useful life and should be deemed “*obsolete*” per the disposition policy requirements.

BACKGROUND

EX-17, Fleet Management Policy was instituted in 2008. EX-17 grants authority to the fleet manager to use criteria to determine Port acquisition, replacement and disposition of vehicles and equipment, in coordination with the respective department. ***EX-17 Fleet Management Policy, 6.2.2.1; “The Fleet Manager will determine Fleet replacements based upon age, mileage/hours, maintenance and repair costs, safety, environmental impacts and/or change in operational requirements. Departments are encouraged to rotate assigned equipment from low usage to high usage in order maximize Fleet life cycle.”***

EX-17, Fleet Management Policy, 6.14.4, “The Fleet Managers will make the final decision as to the disposition of the Fleet. Vehicles and equipment being removed from the Fleet shall be disposed of in accordance with Port of Seattle Policies and Procedures AC-13; Disposition of Property.” Based upon stringent criteria, the fleet manager has determined the identified personal property has exceeded its useful service life and is due for replacement.

SPE.8579, 1993 Komatsu Hydraulic Excavator, was purchased in 1998 for \$153,565, for Port Construction Services, Capital Development Division, to perform essential excavating duties. In April of 2016, the 2015 CDD Fleet Replacement Fund, CIP800450, procured a new excavator under capital project, 105344.

Per ***AC-13, Disposition of Property***, SPE.8579 is considered obsolete.

Excavators have an estimated life cycle of thirteen (13) years or 10,000 engine hours. The current engine hours of SPE.8579 are 10,500. Due to numerous mechanical issues and the recent replacement equipment purchase, SPE.8579 is deemed obsolete and excess to the fleet.

It is recommended to surplus SPE.8579 and initiate sale or trade-in expeditiously to maintain maximum marketability. An online equipment auction service provider, Bidadoo, has estimated the resale value of SPE.8579, at \$22,000 to \$26,000.

SWP.1182, 2001 Johnston 605 Sweeper Truck, was purchased in 2000 for \$151,695, for Marine Maintenance, Maritime Division, to perform essential sweeping operations for the Stormwater Pollution Prevention Program. The 2015 Seaport Division Fleet Replacement Fund, CIP800442, procured a new sweeper under capital project, 105259. The replacement sweeper truck is estimated to arrive July of 2016. Per ***AC-13, Disposition of Property***, SWP.1182 is considered obsolete. Sweeper Trucks have an estimated life cycle of ten (10) years or 10,000 engine hours. The current engine hours of SWP.1182 are 9,193. Due to numerous mechanical issues and the recent replacement equipment purchase, SWP.1182 is deemed obsolete and excess to the fleet. It is recommended to surplus SWP.1182 and initiate sale or trade-in expeditiously to maintain maximum marketability. An online equipment auction service provider, Bidadoo, has estimated the resale value of SWP.1182, at \$13,000 to \$18,000.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

June 6, 2016

Page 3 of 6

SPE.1201, 2000 Case 590SL Backhoe Loader, was purchased in 2000 for \$88,860, for Marine Maintenance, Maritime Division, to perform essential maintenance operations. The 2016 Seaport Division Fleet Replacement Fund, CIP800442, is currently in the acquisition planning stages of procuring a new backhoe loader under capital project, 105446. Due to the upcoming acquisition of replacement equipment and per **AC-13, Disposition of Property**, SPE.1201 is considered obsolete.

Backhoe Loaders have an estimated life cycle of ten (10) years or 7,000 engine hours. The current engine hours of SPE.1201 are 8,572. Due to numerous mechanical issues and the upcoming replacement equipment purchase, SPE.1201 is deemed obsolete and excess to the fleet. It is recommended to surplus SPE.1201 and initiate sale or trade-in expeditiously to maintain maximum marketability. An online equipment auction service provider, Bidadoo, has estimated the resale value of SPE.1201, at \$22,000 to \$26,000.

Each of these pieces of equipment has been offered to other government fleets. To date, no entity has expressed interest.

REQUEST JUSTIFICATION AND DETAILS

Request Objectives

- Declare the aforementioned personal property as surplus.
- Authorize to initiate sale or trade-in of aforementioned personal property.
- Fleet Manager, Central Procurement Office, respective department(s) and stakeholders will coordinate the disposition and sale of aforementioned personal property, following the guidelines detailed by **AC-13, Disposition of Property**, while strictly adhering to the authority granted by **EX-17, Fleet Management Policy**.

Schedule

Final Commission Authorization	June 28, 2016
Preparation for Sale	September 2016
Advertise for Sale	October 2016
Sale Complete	December 2016

Schedule is subject to change.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

June 6, 2016

Page 4 of 6

FINANCIAL IMPLICATIONS

- In 1998, SPE.8579 was purchased for \$153,565. The estimated resale value is \$22,000 to \$26,000.
- In 2000, SWP.1182 was purchased for \$151,695. The estimated resale value is \$13,000 to \$18,000.
- In 2001, SPE.1201 was purchased for \$88,860. The estimated resale value is \$22,000 to \$26,000.

Budget Status and Source of Funds

No funding is requested with this Commission request.

STRATEGIES AND OBJECTIVES

The objectives of this request directly align with the strategies outlined in the following Port policies and values: *AC-13, Disposition of Property, EX-17, Fleet Management Policy, The Maritime Environmental and Planning 2016 Business Plan* and the Century Agenda.

- Achieving cost savings to the Port through centralized redistribution and disposal of unneeded property. **AC-13, I.1.**
- Maximizing the return on investment for the disposal of Port's property. **AC-13, I.3.**
- Disposing of property when it no longer serves its intended purpose, no alternate future use within 12 months exists, it is not considered a specialty item, and/or the Port no longer requires it to maximize the return on investment for the disposal of Port's property. **AC-13, .03.**
- Requesting authorization from the Commission, which must be obtained for surplus of all property exceeding the statutory limit, otherwise authorization from the CEO or his/her delegate per EX-2A must be obtained. **AC-13, .06.**
- Fleet acquisitions shall be the most energy efficient, cost effective and lowest emission vehicle that meets operational needs for which the fleet is intended. **EX-17, 6.3.1.** Replacing equipment that has exceeded its useful life using these principles aligns with the strategic objective of the Century Agenda to *"Be the greenest and most energy efficient port in North America"*.
- **The Maritime Environmental and Planning 2016 Business Plan**, states the objective to "reduce air pollutants and carbon emissions". The new assets procured, utilize modern technology that greatly reduce carbon emissions, while the old assets are obsolete by current emissions standards.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

June 6, 2016

Page 5 of 6

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Opt to leave aforementioned personal property in current status.

Cost Implications: Unknown - actual costs to operate and maintain will escalate.

Pros:

- (1) Equipment remains available for use, at increasing cost.

Cons:

- (1) Property will continue to decline in condition.
- (2) Property will continue to decrease in market value.
- (3) Costs to maintain Property will continue to escalate.
- (4) Downtime for crews utilizing the equipment will increase.
- (5) Projects for which these Properties are utilized could be delayed.

This is not the recommended alternative.

Alternative 2 – Transfer property to another department at the Port or other government agency.

Cost Implications: Unknown but increasing costs if to Port department.

Pros:

- (1) Equipment can remain in use, at increasing cost, but no longer in current department expense.

Cons:

- (1) Property will continue to decline in condition.
- (2) Mechanical issues, maintenance costs, and downtime will continue to increase for the property that has exceeded its service life.

This is not the recommended alternative.

Alternative 3 – Adopt Resolution No.0000, declaring personal property, SPE.8579, SWP.1182 and SPE.1201 as “surplus”, and authorize Chief Executive Officer, Ted Fick, to initiate documentation for the sale, trade-in or transfer of property to other public agencies of aforementioned property.

Cost Implications: No cost to Port

Pros:

- (1) Eliminate deteriorating equipment

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

June 6, 2016

Page 6 of 6

- (2) Capture current market value

Cons:

- (1) None identified

This is the preferred and recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Draft Resolution No. 3723

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.