



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 4c

**ACTION ITEM**

**Date of Meeting** April 11, 2017

**DATE:** April 3, 2017

**TO:** Dave Soike, Interim Chief Executive Officer

**FROM:** Stephanie Jones Stebbins, Director Maritime Environmental & Sustainability, Marine Stormwater Utility  
Mary Ann Lobdell, Sr. Manager Compliance and Fleet, Marine Maintenance  
Srini Pendikatla, Program Manager Marine Stormwater Utility

**SUBJECT:** Marine Stormwater Utility Vacuum Truck (CIP #C800897)

**Amount of this request:** \$625,000

**Total estimated project cost:** \$625,000

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to execute a contract to buy one industrial vacuum truck in support of the Marine Stormwater Utility operations on Port of Seattle properties, including some managed by the Northwest Seaport Alliance. The estimated cost is \$625,000.

**EXECUTIVE SUMMARY**

This project will introduce an industrial vacuum truck as an asset to the stormwater utility (Utility) under Marine Maintenance. Ownership of this asset will increase efficiency of the process to perform cleaning, assessment, and rehabilitation of stormwater infrastructure. The use of the truck during these activities will also improve Port staff's ability to prevent additional pollution from leaving Maritime properties, consistent with requirements of the Department of Ecology Phase I Municipal Stormwater Permit. The delivery of the truck will occur in late 2017.

**JUSTIFICATION**

This project improves access to a reliable vacuum truck in turn improving the ability to quickly clean stormwater infrastructure and allow system assessments to proceed without long interruptions. This reduces the overall cost of maintaining the stormwater infrastructure on Maritime properties. Additionally, the project will increase the capacity of Port staff to meet the Long Range Plan Century Agenda Strategy 4, Objective 13 - *"to meet or exceed agency requirements for stormwater leaving port-owned or operated facilities."* The key metric for the Maritime division is to rehabilitate a percentage of the stormwater conveyance system to improve water quality and meet stormwater permit requirements.

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### **DETAILS**

Port staff has begun assessing stormwater infrastructure and is expected to be completed in 2020. Assessments can be significantly delayed to clean pipes. The vacuum truck will be deployed to clean the stormwater lines to allow for system assessment. The assessments will provide key data to aid Port staff in identifying and prioritizing rehabilitation of the stormwater system. Reassessments will be performed on a regular interval after 2020 based on initial findings.

For 2017, the Port is renting a vacuum truck exclusively for Utility work at a significant cost.

The Port currently owns one vacuum truck that supports the Stormwater Pollution Prevention Plan (SWPPP) and emergency work. The existing truck is fully utilized and therefore not available for the work in question. Furthermore, the truck is 10 years old and at the end of its expected useful life. Maintenance costs for this unit continue to escalate and associated downtime affects scheduling and productivity. Additionally, Utility needs require a dedicated truck.

### ***Scope of Work***

The scope of work for the project is to procure the truck to aid in the assessment, cleaning, and rehabilitation of stormwater infrastructure.

### ***Schedule***

Port staff is currently working on a delivery schedule of the truck. It is expected to be operational during the 4<sup>th</sup> quarter of 2017.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Continue to rent vacuum truck on an annual basis.

Cost Implications: \$147,823 for 2017, expected to increase in future years at a rate of 3.5% for a total cost of \$1,942,689 over 10 years (the expected life of purchasing a new vacuum truck).

#### Pros:

- (1) No separate maintenance fees.
- (2) Costs can be allocated directly to maintenance or capital projects.

#### Cons:

- (1) High cost. Net Present Value (NPV) of \$1,384,575.
- (2) Industrial vacuum truck rentals are in high demand with no guaranteed availability.

This is not the recommended alternative.

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**Alternative 2** – Purchase the vacuum truck.

Cost Implications: \$625,000 capital cost. Total cost of \$1,000,405 over ten years.

Pros:

- (1) Life expectancy of the unit is 10 years.
- (2) Lower total cost than renting the vacuum truck.
- (3) Rate of return on cost compared to other alternative is less than 6 years.
- (4) Availability to perform routine maintenance as well as responding to urgent needs.

Cons:

- (1) High initial capital cost.
- (2) Maintenance costs, expected to be approximately \$32,000 per year with NPV of \$258,673 (figured into the total cost of ownership).

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$625,000	\$0	\$625,000
<b>AUTHORIZATION</b>			
Previous authorizations	0	0	0
Current request for authorization	\$625,000	0	\$625,000
Total authorizations, including this request	\$625,000	0	\$625,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

The vacuum truck asset procurement was included in the 2017 plan of finance under CIP #C800897 in the amount of \$490,000. The remaining \$135,000 will be funded by deferred costs to CIP #C800991, Stormwater System Renewal, resulting in no net change to the capital budget. This project will be funded by the Marine Stormwater Utility capital fund.

***Financial Analysis and Summary***

Project cost for analysis	\$625,000
Business Unit (BU)	Marine Stormwater Utility
Effect on business performance (NOI after depreciation)	This project will increase depreciation expense by \$62,500 per year.
IRR/NPV (if relevant)	The NPV of this purchase is the present value of the truck cost and annual maintenance costs.
CPE Impact	N/A

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***Future Revenues and Expenses (Total cost of ownership)***

No future revenues are anticipated as a result of the purchase of this equipment. The expenses for maintenance are estimated to be \$32,000 in 2018 with 3.5% inflation rate thereafter.

**ADDITIONAL BACKGROUND**

On November 24, 2014, the Port adopted Resolution No. 3696 allowing the Port to establish a Port Stormwater Utility and adopting a Stormwater Utility charter. Services and obligations in the Port of Seattle Stormwater Utility Charter reads “The Utility shall provide services, facilities, systems, and programs for surface water and Stormwater management and pollution control to customers within the service area as set forth in this Charter.”

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None