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COMMISSION**AGENDA MEMORANDUM** Item No. 10b**ACTION ITEM** Date of Meeting March 12, 2024**DATE:** February 2, 2024**TO:** Stephen P. Metruck, Executive Director**FROM:** Delmas Whittaker, Director, Marine Maintenance

Shannon Zink, Sr. Manager, Fleet and Facilities, Marine Maintenance

Levi Clark, Fleet and Transportation Manager, Marine Maintenance

Shayla Fortin, Fleet Asset Project Manager

SUBJECT: 2024 Marine Maintenance Fleet Purchases

Amount of this request: \$5,955,000

Total requested project cost: \$5,955,000

The 2024 Maritime and Corporate Division Fleet Replacement Program(s) includes the acquisition of approximately sixty-three (63) fleet assets to replace sixty-three (63) aging assets in support of the Maritime Division (C801388 MD Fleet 2024) and Corporate Division's (C801415 Engineering/PCS Fleet 2024) operational and technological needs at multiple Port of Seattle properties.

ACTION REQUESTED

The Marine Maintenance Fleet Team is requesting Commission authorization for the Executive Director to execute contract(s) for acquisition of approximately sixty-three (63) fleet vehicles or equipment to support operational needs, changing technological standards, improved safety systems, environmental standards and the electrification strategy set forth in the Maritime Climate Air and Action Plan, Sustainable Fleet Plan, and the Century Agenda.

EXECUTIVE SUMMARY

The 2024 Maritime and Corporate Division Fleet Replacement Program(s), included the acquisition of sixty-three (63) fleet assets to replace sixty-three (63) aging assets in support of Maritime Division (C801388) and Corporate Division's (C801415) operational needs. All assets were planned for in the 2024 Fleet Replacement Plan and included in the 2024 Draft Plan of Finance. The Marine Maintenance Fleet Team is requesting Commission authorization for the Executive Director to execute contract (s) for the acquisition of approximately sixty-three (63) fleet assets, streamlining the acquisition process, while utilizing strategic sourcing and fleet management "best practices."

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- The Maritime Climate and Air Action Plan detailed the proactive electrification goals of the Maritime Division, which seeks to reduce Scope 1 GHG emissions caused by Port owned vehicles or Port owned sources by implementing emission reduction strategies, i.e. transitioning to 100% electric vehicles by 2040 by prioritizing fleet conversions to electrified vehicles when feasible due to operational necessity. This request directly aligns with the MCAAP goals of the gradual transition of electrified vehicles into the Maritime and Corporate Division fleets; 27 of the requested assets are anticipated to be alternative fuel source vehicles, along with the purchase of remote solar charging units for accessible EV charging in areas where electrical infrastructure is not available.
- This request directly supports the Century Agenda goals of the Port of Seattle becoming the "Greenest, and Most Energy Efficient Port in North America", by meeting all increased energy needs through conservation and renewable resources, meeting the Puget Sound region int'l trade and cargo needs through efficient, sustainable, environmentally responsible transportation, reducing air pollutants and carbon emissions through reduction in ICE vehicles and transitioning to alternative fuel source vehicles. Along with fostering an environment of transparency and responsible stewardship, the Marine Maintenance Fleet Team strives to provide the right tools at the right time to our stakeholders, allowing them to work safely with equipment specifically tailored to operational needs and environmental goals set forth by Port of Seattle initiatives.

JUSTIFICATION

In 2008, the Fleet Management policy, EX-17, was established to set guidelines for Fleet Management activities at the Port of Seattle. "The policy applies to all Port departments, employees, and others who procure, long term lease, dispose of, or operate Port Vehicles and

equipment. The use of Port Vehicles and Equipment shall be managed with priority given to meeting functional needs of the department, Port employees, safety, cost effectiveness, fuel conservation and air quality."

The determination for these purchases was based on EX-17, Fleet Management Policy, 6.2.1.4.

"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 to maximize Fleet life cycle."

Funding for the purchases was established in EX-17, 6.2.1 "Funding and authorization for Capital Fleet acquisitions will be attained through the budget process in accordance with the annual

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budget guidelines. 6.2.1.1 All fleet purchases will be managed by the Fleet Managers using the appropriate small capital CIP."

Per EX-17, all fleet acquisitions will be handled in accordance with current Port policies, municipality and State rules and regulations.

Diversity in Contracting

Diversity and Contracting was consulted about this request. Per Diversity and Contracting, subcontracting for the products requested is not feasible. When in the process of acquisition, applicable firms will be notified but due to the limited opportunities and firms, no WMBE goal was established.

DETAILS

Per EX-17, all fleet acquisitions will be handled in accordance with current Port policies, municipality and State rules and regulations.

Scope of Work

The Marine Maintenance Fleet Team, working in conjunction with the Central Purchasing Office, and in accordance with CPO-5 guidelines, will coordinate the acquisition of all requested fleet assets based on operational needs and performance criteria identified by the Marine Maintenance Fleet team.

Total estimated costs for requested assets: \$5,955,000.

Schedule

Commission Authorization 2024 Quarter 2

Acquisition(s) 2024 Quarter 3

Equipment Received 2025 Quarter 3

In-Use Date 2025 Quarter 4

Cost Breakdown This Request Total Project

C801388 MD Fleet 2024 \$4,755,000 \$4,755,000

C801415 Engineering/PCS Fleet 2024: \$1,200,000 \$1,200,000

Total \$5,955,000 \$5,955,000

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No Action Taken to Procure.

Cost Implications: \$0.00

Pros:

(1) No acquisition cost is incurred.

(2) No preparation for service cost is incurred.

Cons:

(1) Increased maintenance cost of aging vehicles and equipment.

(2) The vehicles designated for replacement are at the end of their useful life and may not align with current technological specifications, safety standards or staff operational

needs.

This is not the recommended alternative.

Alternative 2 – Rent necessary equipment as needed.

Cost Implications:

Pros:

- (1) Ability to right size vehicles or equipment to specific needs or incurred jobs.
- (2) No incurred maintenance or labor costs for rental equipment.

Cons:

- (1) Inability to accurately predict rental equipment needs, causing potential delays in work due to unavailability of vehicles or equipment and increased costs.
- (2) Incurred costs with no ROI at the end of rental period.

This is not the recommended alternative.

Alternative 3 – Procure the requested fleet assets.

Cost Implications:

Pros:

- (1) Ability to exchange older, less fuel-efficient vehicles with alternative fuel source or renewable fuel vehicles that can accommodate the operational needs of staff, when feasible.

- (2) Ability to purchase vehicles and equipment with advanced technology, such as increased safety and environmentally sustainable features that will enhance the stakeholders' experience, while protecting the environment and community.

Cons:

- (1) Initial acquisition costs of fleet assets.
- (2) Total cost of ownership of acquired fleet assets.

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- (3) Lack of electrical infrastructure and electrical capacity will require alternative charging methods to meet some deployment priorities.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$5,955,000 \$0 5,955,000

Previous changes – net 0 0 0

Current change 0 0 0

Revised estimate 0 0 0

AUTHORIZATION

Previous authorizations 0 0 0

Current request for authorization 5,955,000 0 5,955,000

Total authorizations, including this request 5,955,000 0 5,955,000

Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

The 2024 Capital Plan included C801388 MD Fleet 2024 with a total cost of \$4,755,000.

Corporate fleet purchases under C801415 Engineering/PCS Fleet 2024 will be covered by \$1,200,000 budgeted under C801354 Engineering/PCS Fleet 2023.

Maritime fleet purchases will be funded by the General Fund.

Corporate fleet purchases will be funded by the Airport Development Fund (approx. 80%) and General Fund (approx. 20%).

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

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