

This document is a text-only reovery of the original PDF file. Any graphics that were in the original PDF are not included here. If you need the original document, please contact the Commission Clerk at the Port of Seattle.

COMMISSION

AGENDA MEMORANDUM Item No. 8e

ACTION ITEM Date of Meeting January 10, 2023

DATE: December 6, 2022

TO: Stephen P. Metruck, Executive Director

FROM: Eric Schaefer Senior Manager AVM, Daniel Alter Manager AVM

SUBJECT: Authorization for Disposal of Excavator and Backhoe

Amount of this request: Est. Sale Value

\$65,000

ACTION REQUESTED

Request commission authorization for the Executive Director, or his designee, to take all necessary steps to dispose of surplus personal property – a 1997 Excavator and a 1997 Backhoe at the Seattle-Tacoma International Airport, in accordance with the General Delegation of Authority and Port Policy AC-13.

EXECUTIVE SUMMARY

The excavator and backhoe are in process of being replaced and are no longer needed. The excavator estimated resale value of \$35,000, while the backhoe was estimated at \$30,000. The estimated value requires commission authorization before being disposed.

Both the excavator and backhoe are in process of being replaced with new units as they are at the end of their useful life.

Other Key Points:

- The excavator and backhoe are in the process of being replaced through the Aviation Division small capital project process approved in 2021.
- The new equipment will provide increased reliability for required airfield work.
- Two units may be traded in to reduce purchase price of new units.

Estimated Valuation (pending appraisal) Per Unit Total Value

1997 EXCAVATOR, CATERPILLER, 313B \$35,000 \$35,000

Vehicle # 8580, Ser# 9PR01380

1997 Caterpillar, Backhoe 416C \$30,000 \$30,000

Vehicle # 9580, Ser# 4ZN01198

Template revised January 10, 2019e.

COMMISSION AGENDA – Action Item No. 8e Page 2 of 4

Meeting Date: January 10, 2023

JUSTIFICATION

Both the excavator and backhoe are being replaced through small capital projects. These pieces of equipment do not have another Port wide need and are at the end of their useful life.

The equipment fits Port Policy AC-13 which was established to set standards to govern activities used to dispose of Port property consistent with the Port's General Delegation of Authority. AC-13 prescribes, "property should be disposed 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."

New incoming units allow for improved operational efficiency through a reduction of downtime and improved design. The older units if retained are at end of life and are no longer efficient to keep around. If a need arose that required equipment renting would be a more cost-effective solution.

DETAILS

Once authorized unit will be disposed following Port Policy AC-13.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Retain the two vehicles for unanticipated future use.

Cost Implications: There would be no revenue generated from sale of equipment through public auction. Estimated resale value \$65,000 and increased annual maintenance and repair of \$10,000/year.

Pros:

(1) Backup equipment could assist with unknown future need.

Cons:

(1) Retaining the equipment will increase maintenance and repair costs.

- (2) Equipment parking/storage space is very limited for essential equipment. We do not have space to park/store these non-essential spare equipment items
 - (3) Eliminates potential sales return.
 - (4) Equipment is not expected to be needed or used.
- This is not the recommended alternative.

Template revised June 27, 2019 (Diversity in Contracting).

COMMISSION AGENDA – Action Item No. 8e Page 3 of 4

Meeting Date: January 10, 2023

Alternative 2 – Dispose of the excavator and retain the backhoe.

Cost Implications: No revenue from sales estimated at \$30,000 and increased annual maintenance and repair of \$5,000/year.

Pros:

- (1) Removes excavator from the fleet that is beyond useful life.

Cons:

- (1) Increase maintenance and repair budget, with projected low use.
- (2) Takes constrained space on airfield for projected low use equipment.
- (3) Eliminates potential sales return.
- (4) No current need for this equipment.
- (5) Residue value of asset will decrease over time.

This is not the recommended alternative.

Alternative 3 – Authorize disposal of the equipment.

Cost Implications: Potential sales revenue estimated at \$65,000.

Pros:

- (1) Reduces operating maintenance and repair cost.
- (2) Opens space on the airfield.
- (3) Follows best practices.
- (4) Potential sales revenue.

Cons:

- (1) Disposed equipment may meet unknown future need.

This is the recommended alternative.

FINANCIAL IMPLICATIONS: NA

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$0 \$0 \$0

Previous changes – net [Delete if not 0 0 0 needed]

Current change [Delete if not needed] 0 0 0

Revised estimate [Delete if not needed] 0 0 0

AUTHORIZATION

Previous authorizations 0 0 0

Current request for authorization 0 0 0

Total authorizations, including this 0 0 0 request

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

Template revised June 27, 2019 (Diversity in Contracting).

COMMISSION AGENDA – Action Item No. 8e Page 4 of 4

Meeting Date: January 10, 2023

Annual Budget Status and Source of Funds: NA

Financial Analysis and Summary

Project cost for analysis

Business Unit (BU)

Effect on business

performance (NOI after depreciation)

IRR/NPV (if relevant)

CPE Impact

Future Revenues and Expenses (Total cost of ownership) NA

ADDITIONAL BACKGROUND

None.

ATTACHMENTS TO THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None.

Template revised June 27, 2019 (Diversity in Contracting).