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COMMISSION

AGENDA MEMORANDUM Item No. 8e

ACTION ITEM Date of Meeting November 21, 2023

DATE: October 24, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Mike Tasker AVM Director,

Eric Schaefer AVM Senior Manager, Daniel Alter AV Fleet Manager

SUBJECT: Airfield Snow Equipment Replacement Budget Increase

Amount of this request: \$350,000

Total estimated project cost: \$11,970,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to Increase Funding for the Airfield Snow Equipment Replacement Project to Allow the Completion of Procuring Airfield Snow Equipment, in the Amount Requested of \$350,000 and a Total Estimated Project Cost of \$11,970,000. (CIP# C801227).

EXECUTIVE SUMMARY

The airport completed an Invitation To Bid (ITB) for the remaining snow equipment to complete project 106225. The cost for the remaining equipment came in higher-than-expected. The amount requested will allow the Central Procurement Office to complete the purchase of the remaining snow equipment which includes one airfield deicer truck, four airport brooms, and two high speed blowers.

JUSTIFICATION

Currently SEA is preparing for the upcoming snow season with snow operator training along with the repairs that go with our ageing snow fleet. Snow preparation starts months in advance of the SEA FAA snow season that starts November 15th going through April 15th. The FAA snow season requires SEA to fully prepared by the start and through the end of snow season.

Keeping the equipment going and getting operators trained is a major task that is largely performed by AV Maintenance. Operators are trained by AV Field Crew and the many repairs are performed by the AV Auto Mech group. This involves many late nights training and hundreds of hours on repairs.

Template revised January 10, 2019.

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This project was created to replace ageing Airport snow removal equipment that is less effective, harder to maintain, and less operator friendly. The equipment being replaced varies in age from vintage 1991 model year to 2008. This project currently is planning to utilize AIP funds to offset some of the initial purchase price. The pricing of AIP funded equipment came back higher than expected. The budget increase would increase the budget from \$11,620,000 to \$11,970,000 a 3.01% increase in project cost.

Diversity in Contracting

We worked with the Diversity and Contracting team regarding this procurement and no WMBE opportunities were identified.

DETAILS

This increase in funding will allow us to complete procurement for the remaining seven (7) pieces of snow equipment that have been approved for replacement. This includes replacing three 1991 Oshkosh blowers with two (2) new high speed snow blower systems, one (1) 1991 Oshkosh deicer truck, and four (4) 2008 MB brooms.

If the Port accepts the ITB proposals vendors expect equipment delivery to be 18 plus months away from PO issuance.

The snow removal equipment being replaced have all out lived their traditional equipment life span. New equipment being procured is more capable and will increase snow removal ability. All this equipment will run on renewable diesel, follows the Fleet Sustainability guidelines, and aligns the port to meet Century Agenda goals related to emissions standards.

Schedule

Activity

Commission authorization 2023 Quarter 4

PO issuance 2023 Quarter 4

Equipment Arrives 2025 Quarter 3  
In-use date 2025 Quarter 3  
ALTERNATIVES AND IMPLICATIONS CONSIDERED

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

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Alternative 1 – Eliminate use of AIP funds to increase vender competition, require delivery within one year, and increase budget for project 106225 by \$1.75M

Cost Implications: Project would increase by \$1,750,000 and the Port would need to cover the AIP funded portion of \$3,000,000.

Pros:

(1) Procured equipment could arrive within one year by eliminating AIP equipment requirements.

Cons:

(1) Requires redoing procurement process.

(2) Cost could increase when rebid.

(3) Adds four to five months to procurement process.

(4) Requires Port to change scope with FAA and AIP funds which takes away credibility for future AIP funded projects.

This is not the recommended alternative.

Alternative 2 – Reduce scope by reducing number of equipment being replaced.

Cost Implications: Initial project cost would be left as is, but the scope would be reduced by 1 broom. This would push needed procurement of equipment to a future year and possible cause issues with fleet consistency as the equipment could vary.

Pros:

(1) Could allow us to stay within current set budget.

Cons:

(1) Requires redoing procurement process.

(2) Cost could increase when rebid.

(3) Adds four to five months to procurement process.

(4) Does not replace all previously planned equipment.

(5) Requires Port to change scope with FAA and AIP funds which takes away credibility for future AIP funded projects.

This is not the recommended alternative.

Alternative 3 – Increase funding for project 106225 by \$350,000 to procure remaining snow equipment.

Cost Implications: Increase by \$350,000

Pros:

(1) Obsolete equipment will be replaced.

(2) Can issue PO quickly as solicitation has already occurred.

Cons:

(1) Increased budget cost.

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

[Annotation] Nguyen, Hanh

@Alter, Daniel Please coordinate with Hanna Russell to fill out an Investment Committee form to increase CIP budget. Thanks.

[Annotation] Alter, Daniel

Will reach out today.

[Annotation] Alter, Daniel

Submitted the ICT request

[Annotation] Alter, Daniel

Sorry IC

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(2) Longer lead times for AIP funded equipment means waiting about 1.5 to 2 years for equipment once PO is issued.

This is the recommended alternative.

**FINANCIAL IMPLICATIONS**

Cost Estimate/Authorization Summary Capital Expense Total

**COST ESTIMATE**

Original estimate \$8,620,000 \$0 \$8,620,000

Previous changes – net \$3,000,000 0 \$3,000,000

Current change \$350,000 0 \$350,000

Revised estimate \$11,970,000 0 \$11,970,000

**AUTHORIZATION**

Previous authorizations \$11,620,000 0 \$11,620,000

Current request for authorization \$350,000 0 \$350,000

Total authorizations, including this request \$11,970,000 0 \$11,970,000

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

**Annual Budget Status and Source of Funds**

This project, CIP 801227, was included in the 2023-2027 capital budget and plan of finance with a budget of \$11,620,000. A budget increase of \$350,000 was transferred from the from the Aeronautical Allowance CIP C800753 resulting in no net change to the Airport capital budget. The funding sources would be grants, airport development fund and revenue bond. The Airport Improvement Plan entitlement grant funding is approved at \$4,000,000.

Prices came back higher than expected this can be attributed to inflation and a reduction of competition in the AIP funded snow equipment area. In the recent past, AIP funded snow removal equipment has primarily been won by the two vendors. Recently one of the two vendors is no longer providing Airport snow removal equipment.

Aviation Maintenance does not anticipate any significant increase in operating expense because of this procurement. The total number of pieces of equipment will be like the existing fleet and will have reduced repair cost during the three-year warranty period.

**Financial Analysis and Summary**

Project cost for analysis \$11,970,000 (rate base cost of \$7,970,000)

Business Unit (BU) Airfield Movement Area

Effect on business performance NOI after depreciation will increase due to inclusion of (NOI after depreciation) capital (and operating) costs in airline rate base.

IRR/NPV (if relevant) N/A

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CPE Impact \$.05 in 2026

**ATTACHMENTS**

None.

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

January 24th, 2023 – The Commission approved authorization for the Executive Director to (1) increase project budget by \$3,000,000 and (2) execute contracts to purchase four (4) additional pieces of snow removal equipment to project 106225 under CIP 801227. This request increases the project 106225 from \$8,620,000 to \$11,620,000.

March 8th, 2022 – The Commission authorized for the Executive Director to Execute One or More Procurements, in the Estimated Amount of \$8,620,000 to Replace Airfield Snow Removal Equipment.

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