

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6d</u>
Date of Meeting	<u>April 23, 2013</u>

DATE: April 16, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Stan Shepherd, Manager, Airport Noise Programs
SUBJECT: Residential Sound Insulation Funding Authorization - CIP C200093

Amount of This Request:	\$8,800,000	Source of Funds:	Airport Development Fund
Est. State and Local Taxes:	\$450,000	Est. Jobs Created:	20
Est. Total Project Cost:	\$13,747,395		

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to expand the scope of the sound insulation program, increase funding by \$8,800,000, and execute all documents, including consulting contracts and Job Order Contracts (JOC) necessary to complete the sound insulation program for approximately 90 single family homes, located between the current noise remedy boundary and the proposed smaller Part 150 boundary. The estimated cost of this request is \$8,800,000, to bring the total project budget up to \$13,747,395. This request is for additional funding and scope change within the existing CIP C200093.

SYNOPSIS:

Work is progressing on the Part 150 Noise and Land Use Compatibility Study update. Upon conclusion of the update and subsequent approval by the Commission and the Federal Aviation Administration (FAA), the proposed noise remedy boundary will be shown as smaller, due to a decrease of the Day Night Level (DNL) noise contours. The Noise Programs Office identified 302 homes between the existing noise remedy boundary and the newly revised smaller boundary that have not yet received sound insulation services. These homeowners were contacted by certified mail in 2012, informing them of a deadline to submit an application for sound insulation services, or advising them that they may no longer be eligible for the program once the proposed noise remedy boundary goes into effect. Of the responses received, it was determined that 90 homes may be eligible to receive sound insulation services, based on their location within the current noise remedy boundary and because the homes were built prior to local jurisdictions enacting building codes that either met or exceeded the FAA's noise reduction standards. These building codes were enacted on December 3, 1986, in Des Moines and September 6, 1987, in all other areas of King County. Costs to sound insulate a home under the program average \$98,000.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

April 15, 2013

Page 2 of 6

BACKGROUND:

Services provided under the sound insulation program are made available at no cost to eligible owners of single family residences. Homeowners who choose to participate in the program are required to sign an "avigation easement" before services are received. An avigation easement is required by state law and permanently recorded on King County parcel records, providing legal protection to the Port related to ongoing noise impacts resulting from aircraft over flights.

Commission Resolution No. 2943, approved January 8, 1985, authorized the Port to conduct an ongoing noise insulation program to insulate homes and public buildings located in the identified noise remedy boundary. The Commission authorized staff to implement the insulation program, including periodic evaluation of the program and budgeting for future needs.

The Noise Mediation Agreement Resolution No. 3062, approved on May 8, 1990, authorized continued program implementation, including acceleration and transition from a cost-sharing agreement between the Port and the homeowner to a Port-funded insulation package.

Resolution No. 3212, approved August 1, 1996, committed the Port to fulfill additional noise reduction measures associated with forecasted noise from new runway operations, in accordance with Puget Sound Regional Council Resolution (A-96-02), associated with the approval of the Third Runway.

In 1985, Port staff identified approximately 10,000 residential homes within the Noise Remedy boundary area that were eligible for sound insulation work. To date 9,431 single family homes have been insulated within that boundary.

On December 7, 2010, Port staff requested additional authorization within the CIP in the amount of \$2,462,751 because the existing CIP authorization would not cover the costs. The December 2010 request was to sound insulate up to 40 homes at an estimated total cost of \$3,092,040. The per home cost at that time was \$77,301. Over the past several years, program costs related to contractors, materials, internal project management and oversight have consistently increased year over year. Port standards have also changed with this program to meet more stringent contracting and regulated materials handling. As a result of the combination of internal and external increases, costs per home now average \$98,000, depending on size and condition of the structure. The current request for funding will cover the costs of approximately 90 homes, which were not included in the 2010 CIP authorization.

PROJECT JUSTIFICATION:

In support of the Sea-Tac Airport's strategic goal to develop valued community partnerships, the Community Partnerships Department works closely with local officials and residents to develop and implement mutually beneficial land use compatibility development agreements, sound insulation, property acquisition, and noise abatement programs. Implementation of this insulation program will reduce noise impacts on Airport neighbors while increasing land use compatibility in the vicinity of the Airport.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

April 15, 2013

Page 3 of 6

Project Objectives:

- Provide sound insulation to remaining eligible single family homes between the newly revised and current/soon-to-expire noise remedy boundary.
- Achieve noise reduction within homes by providing a variety of sound insulation measures to reduce interior noise levels.
- Meet the requirements of Commission Resolution No. 2943 to continue an on-going noise insulation program.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The Port will provide funding, staff oversight, and administration of a program to provide sound insulation to single-family residences at no cost to the homeowner. Each home will have an individual design created to reduce infiltrating noise levels, resulting in an interior noise environment of no more than 45 decibels (dB). Significant interior noise reduction is achieved primarily through replacing existing doors and windows with sound rated units and making necessary modifications to heating and ventilation systems.

The Project Management Group (PMG) and Port Construction Services (PCS) will administer and oversee all contracts and construction work. A Job Order Contract (JOC) is currently in place to manage the construction work. The Port currently intends to execute additional consulting contract(s) and JOCs to complete this work. The Port may also utilize small works contracts to provide opportunities for small business.

Once funding is established, staff will process applications for homeowner participation. Staff estimate that this work will take two to two and one-half years to complete.

To date, 37 homes out of the anticipated 40 from the 2010 authorization have been completed. The 90 additional homes in this authorization request were not identified in the 2010 request for funding.

FINANCIAL IMPLICATIONS:

<i>Budget/Authorization Summary:</i>	Capital	Expense	Total Project
Original Budget	\$4,947,395	\$0	\$4,947,395
Budget Increase	\$8,800,000	\$0	\$8,800,000
Revised Budget	\$13,747,395	\$0	\$13,747,395
Previous Authorizations	\$4,497,395	\$0	\$4,497,395
Current request for authorization	\$8,800,000	\$0	\$8,800,000
Total Authorizations, including this request	\$13,747,395	\$0	\$13,747,395
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$13,747,395	\$0	\$13,747,395

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

April 15, 2013

Page 4 of 6

<i>Project Cost Breakdown:</i>	This Request	Previous Budget Authorization
Construction	\$4,716,000	\$1,740,000
Construction Management	\$700,000	\$504,000
Design	\$2,250,000	\$0
Project Management	\$594,000	\$634,440
Permitting	\$90,000	\$0
State & Local Taxes (estimated)	\$450,000	\$213,600
Total	\$8,800,000	\$3,092,040

Budget Status and Source of Funds:

The project CIP C200093 was not included in the 2013-2017 capital budget plan of finance. The budget increase was transferred from C800404 Aeronautical Allowance; thus there is no change to the capital budget. The funding source will be the Airport Development Fund.

Financial Analysis and Summary:

CIP Category	Residential Insulation
Project Type	Community Benefit
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$8,800,000
Business Unit (BU)	Noise - Airfield
Effect on business performance	NOI after depreciation will increase
IRR/NPV	N/A
CPE Impact	\$0.04 in 2014; however, no change from business plan forecast as this project was included in the plan of finance.

Lifecycle Cost and Savings:

Sound insulation programs are offered only once to each eligible home, per state law.

STRATEGIC OBJECTIVES:

This program supports the Port's commitment to responsible management of resources and the Century Agenda initiative of promoting small business growth, by providing opportunities for qualified small business firms in the design and construction.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

April 15, 2013

Page 5 of 6

ENVIRONMENTAL SUSTAINABILITY:

There are no negative environmental impacts anticipated as a result of this project. To reduce interior noise levels to 45 dB or less, interior noise levels in insulated homes will be diminished by at least five decibels. Construction work will include carefully chosen materials with demonstrated long life and durability in a residential application. Materials with pre- and post-consumer recycled material will be evaluated whenever appropriate and available for this project.

BUSINESS PLAN OBJECTIVES:

Implementing the program will reduce noise impacts on Airport neighbors while increasing land use compatibility in the vicinity of the Airport. The construction work associated with this project will also bolster local business activity via the purchase of materials as well as providing job opportunities in the local community.

This program supports the following Port strategies:

- Fosters active community involvement through the noise mitigation work in the residential neighborhoods surrounding the Airport.
- Honors the Port value of responsible stewardship of community resources and the environment by significantly reducing interior noise levels in single family homes that qualify for the noise program.
- Supports Sea-Tac Airport's Environmental Strategy of reducing noise impacts within the community.

TRIPLE BOTTOM LINE SUMMARY:

Implementation of this project will reduce noise impacts on qualified Airport neighbors by providing sound mitigation programs while increasing land use compatibility in the vicinity of the Airport. This supports the Port's commitment of being stewards of our environmental responsibility and partnering with our surrounding communities. The project supports small business participation opportunities, which supports the Century Agenda goals.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative (1) Close out the program without completing the remaining eligible homes. This strategy would provide a negative impact since the Port has committed to community leaders and homeowners that there would be one last chance to participate in the program for homes that meet the criteria described above.

Alternative (2) Allow the program to continue with additional funding to ensure that eligible homes receive mitigation before program closeout. This strategy provides the best possible solution to ensure that the Port carries through with its community commitments for reducing

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

April 15, 2013

Page 6 of 6

aircraft noise within the community through essential mitigation programs. **This is the preferred alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Noise Remedy Boundary Map

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- Resolution No. 2943 – January 8, 1985 Authorizing the Port to undertake a noise remedy and acquisition program replacing the Sea-Tac Communities Plan.
- Resolution No. 3062 – May 8, 1990 – Among a package of noise agreements, this resolution authorized the expansion of the noise remedy program in communities close to the Airport, increased the rate at which homes were insulated, standardized the audit procedures and removed requirements for financial participation from homeowners.
- Resolution No. 3212 – August 1, 1996 – Approving development of a new dependent air carrier runway, authorizing certain actions relating to the new runway and other improvements in the Master Plan Update, and committing to fulfill additional noise reduction measures in accordance with Puget Sound Regional Council Resolution A-96-02
- March 27, 2007 – The Commission authorized the implementation of a program to provide sound insulation to residential homes located within the existing Noise Remedy Boundary for an estimated cost of \$2,450,000.
- December 7, 2010 – The Commission authorized the procurement of a Job Order Contract (JOC) and additional funding for the remaining homes in the Sound Insulation Program.