

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6c
Date of Meeting November 3, 2009

DATE: October 23, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Stan Shepherd, Manager, Airport Noise Programs

SUBJECT: Funding authorization for the sound mitigation of Highline Community College Building 9. **Amount of this request** is for \$1,261,332. **Source of funds:** Airport Development Funds (ADF), Passenger Facility Charges (PFC's), and Airport Improvement Program (AIP) Federal Grants.
Estimated State and Local Taxes Paid: \$124,895

ACTION REQUESTED

Request for authorization for the Chief Executive Officer to execute all documents necessary to complete the sound mitigation work on Building 9 at the Highline Community College (HCC) at an estimated cost of \$2,017,377 including administrative expenses. This authorization request is for \$1,261,332 and will bring the total authorization for this CIP to \$6,254,930. There is no Port property tax levy funding associated with this request.

BACKGROUND/SYNOPSIS

In April, 1994, the Port of Seattle and HCC entered into an agreement to provide Port funding to the college to sound insulate a maximum of 22 classroom buildings against aircraft noise. HCC hires and manages the contractors, and the Port reimburses the college for the approved insulation-related work. Port insulation funds were understood to be dependent on the State of Washington providing funding for the college's capital program. The complete set of insulation projects was budgeted at \$10,822,000 based on a very preliminary estimate. The details of each building were unknown, as was the schedule. In general, the rate of remodeling has been slow, with HCC often remodeling only one building each summer. Twelve of the 22 buildings have currently been sound insulated. The remaining classroom buildings will be evaluated to determine need, funding availability, and eligibility based on noise audits.

Originally, staff sought Commission authorization for 3 to 5 buildings at a time. To better plan, estimate, and manage this multi-year commitment, Port staff will now be seeking Commission authorization for one building at a time, after the HCC architect's estimate is available. Due to the competition among colleges for state funding, a schedule has not been set for the remaining eligible buildings. We will return to the Commission in

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the future for authorization when additional buildings are identified for acoustical installation remodel work. Additional funding may be needed at that time.

State funding has been slated for 2010 for HCC to help complete work on Building 9. In addition, the Port has worked with the Federal Aviation Administration (FAA) to make this CIP program AIP noise grant eligible to account for 80% of eligible costs. Previously HCC mitigation was funded by ADF and PFC's only.

Based on estimates provided by the acoustical architect, the entire cost for the renovation of Building 9 is estimated at \$2,293,737. The Port's portion of funding to noise mitigate the building is \$2,017,377, which includes administrative costs as well as a contingency for construction costs. Because there is only \$756,045 remaining in the current CIP authorization, we are requesting authorization for the remaining balance of \$1,261,332. Approximately \$4.5M remains in the CIP for future work.

PROJECT DESCRIPTION/SCOPE OF WORK

The scope includes renovation of all remaining eligible items in the renovation of Building 9. Major elements include installing sound rated windows, acoustical roof treatments, and mechanical ventilation systems. The Port and FAA will be funding only acoustical related items in the reconstruction. HCC and the state will fund all non-acoustical related items. All work should be completed in the year 2010.

PROJECT JUSTIFICATION

In support of the airport strategy to Develop and Maintain a Supportive Community, the Community Development Department works closely with local and regional leaders and residents to develop and implement mutually beneficial land use compatibility agreements, sound insulation programs, and property acquisition for noise. Completion of these programs will reduce noise impacts on airport neighbors while increasing land use compatibility around the airport.

FINANCIAL IMPLICATIONS

This request provides FAA AIP grant funds and Airport funds for mitigation of aircraft noise in Building 9 at HCC. The funding request is based upon the estimate prepared by the acoustical architect hired by HCC and an upfront allocation of eligible costs agreed to by the Port. The Port reimburses HCC after the appropriate documentation is presented, reviewed, and approved by the Port.

Budget/Authorization Summary

Original Budget	\$ 7,500,000
Revised Budget Increase	<u>3,322,000</u>
Revised Budget	10,822,000
Previously authorized	\$ 4,993,598
CIP Cost-to-date	<u>4,237,553</u>

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Authorization Remaining in CIP	756,045
Total Project Cost – Current Request	<u>2,017,377</u>
Current Authorization Request	1,261,332

Remaining budget to be authorized \$4,567,070

<u>Project Cost Breakdown</u>	<u>Current Request</u>
Construction Estimate	\$1,314,689
9.5% Sales Tax	124,895
Permits	52,588
Design Services	<u>161,415</u>
Total Construction Related	1,653,587
POS Contingency 20%	330,717
POS Admin 2%	<u>33,072</u>
Total Project Cost	\$2,017,377

Source of Funds

This project is included in the 2009-2013 Capital Budget and Plan of Finance under CIP number 200042. The funding plan for this project includes a combination of Airport Improvement (AIP) grant funds, Passenger Facility Charges (PFC) and Airport Development Funds (ADF).

Financial Analysis

CIP Category	Compliance
Project Type	Noise Mitigation
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$1,261,332
Business Unit (BU)	Airfield
Effect on business performance	AIP grant funds will cover 80% of the project costs. The remaining ADF will be recovered through rates and charges, NOI after depreciation will increase
IRR/NPV	N/A
CPE Impact	Less than \$0.01 in 2011, but no changes to business plan forecast as this project was included. AIP grants will fund 80% of project costs and PFC's will fund approximately 15%. The remaining 5% will be funded with the ADF. Since grant and PFC funded costs are excluded from the airline rate base, the impact on CPE is minimal

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PROJECT SCHEDULE

Construction should be complete in the summer of 2010.

PREVIOUS COMMISSION ACTIONS

Resolution No. 2943, as adopted on January 8, 1985 – Authorization to conduct an on-going noise remedy program consisting of the insulation of homes and public buildings including assistance in the sale of homes located in the airport vicinity.

Resolution No. 3212 as adopted on July 17, 1996 – Commission commitment to fulfill additional noise reduction measures in accordance with the Puget Sound Regional Council resolution A-96-02.

Commission Authorization, January 11, 2005 – Authorized staff to proceed with funding of several noise remedy projects including buildings at the Highline Community College.

Commission Authorization, May 13, 2008 – Authorized staff to proceed with funding for Building 19 at Highline Community College.

ATTACHMENTS:

None