

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6d
November 3, 2009

DATE: October 14, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: James R. Schone, Director, Aviation Business Development
Jude Barrett, Manager, Aviation Property Acquisition and Relocation
Luis Navarro, Manager, Aviation Properties

SUBJECT: Demolition of mobile homes by contracted crews and relocation of the residents of Parcel Numbers 344500-0110, 344500-0141, 344500-0145, 344500-0155 commonly known as Town & Country Mobile Home Parks located in the City of SeaTac. CIP #C200037

Amount of This Request: **\$2,600,000** **Source of Funds:** **Grants (80%), Passenger Facility Charge, Airport Development Fund**

SYNOPSIS

The Port purchased the entire land currently occupied by Town & Country Mobile Home Parks in 2006. This authorization allows for the continuation of the relocation of mobile home residents affected by aircraft noise. The current acquisition and relocation plan was approved as part of the update to the Port of Seattle's (Port) 2002 Federal Aviation Regulations Part 150 Noise and Land Use Study. The Federal Aviation Administration (FAA) provides 80% Airport Improvement Program (AIP) grant funding.

REQUEST

Request authorization for the Chief Executive Officer to execute all documents necessary to complete the relocation of the residents, demolition of remaining manufactured homes, by contract or Port crews, and site restoration of Parcel Numbers 344500-0110, 344500-0141, 344500-0145, 344500-0155 commonly known as Town & Country Mobile Home Parks (Town & Country) in the City of SeaTac, located within the 1998 70 Day Night Level (DNL) noise contour, at an estimated cost of \$2,600,000 including legal and administrative expenses. This request will bring the total authorization for this Capital Improvement Program (CIP) to \$52,306,110.

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BACKGROUND

Residents in mobile home parks adjacent to the Seattle-Tacoma International Airport (Airport) within the 70 DNL noise contour are significantly impacted by aircraft noise. Since it is not cost-effective to noise-insulate mobile homes, as the Port has done with other residential structures, the FAA Regulation Part 150 Study Update completed in 2002, recommended that the Port acquire the seven mobile home parks located within the 1998 70 DNL noise contour – two north of the Airport, in the City of Burien, and five to the south, in the City of SeaTac. The Port has completed the acquisition of all the parks and is in the process of relocating the residents of the final park, named Town & Country (See Exhibit A).

PROJECT DESCRIPTION/SCOPE OF WORK

The scope includes relocation of the remaining residents and demolition of remaining manufactured housing units. Town & Country is a large-sized park, and approximately 14 of the original 200 households still need to be relocated.

PROJECT JUSTIFICATION

Staff developed an overall aviation acquisition priority strategy, which was presented to the Commission in January 2002. The strategy identified criteria for prioritizing the large number of acquisitions so that funding and staffing resources could be directed in a logical manner consistent with construction schedules, budgets, noise impacts and acquisition timelines. Town & Country was the last mobile home park to be acquired.

STRATEGIC RATIONALE

This action is in support of the Airport strategy to Develop and Maintain a Supportive Community by assisting those residents most significantly impacted by aircraft noise in relocating, and by facilitating the conversion of the land to uses compatible with an airport environment.

FINANCIAL IMPLICATIONS

This request for additional authorization is due to the result of increases in the cost of real estate transactions associated with relocating residents from mobile home parks and specifically the remaining residents in the Town & Country.

The mobile home market is unique in this current economic crisis. It represents a viable housing option for families who have been foreclosed or otherwise have not been able to secure traditional housing. In contrast to the general real estate market, mobile homes prices are rising due to increased demand from low-income residents moving out of rental situations who are trying to build credit or equity as well as from families forced to move out of single-family

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homes due to loss of jobs, increased mortgage payments or foreclosure. At the same time, the inventory of mobile homes has decreased as municipalities have rezoned or restricted mobile home park development. In addition, another local municipality (King County) started a mobile home park acquisition-relocation project in mid-2008. The result is reduced supply and continued high demand. These market pressures have led to an increase in mobile home values and a resulting increase in Port costs to relocate the remaining residents of Town & Country. Another significant factor leading to increased costs is the high percentage of non-English speaking tenants within Town & Country who are in a low-income immigrant demographic group. This last group of tenants requires significantly more time and effort to re-locate due to the need to find larger homes to accommodate their higher number of family members, to substantiate their rental and credit history, and to secure outside social services that they need to obtain decent, safe and sanitary housing. Because of these factors, the CIP budget needs to be increased to cover the remaining relocation, abatement and demolition costs.

BUDGET AUTHORIZATION SUMMARY

Original Budget (2001)	\$ 39,040,000
Previous Budget Increase	\$ 10,666,110
Current Budget Increase	<u>\$ 2,600,000</u>
Revised Budget	\$ 52,306,110
Previously authorized	\$ 49,706,110
Current authorization request	<u>\$ 2,600,000</u>
Remaining budget to be authorized	\$ 0

Project Cost Breakdown

Current Request

Tenant relocation costs (14 units)	\$ 1,681,987
Unit abatement/Demolition/Site restoration (200 units)	\$ 1,930,000
Administrative/Overhead Costs (5%)	\$ 180,599
Total Costs Remaining	\$ 3,792,586
Rounded	\$ 3,800,000
Budget Remaining	\$ 1,200,000
Total Authorization Request	\$ 2,600,000

Source of Funds

This project is included in the 2009-2013 Capital Budget and Plan of Finance under CIP number C200037. This program is approved by the FAA for federal funding by Airport Improvement Program (AIP) grants, reimbursement of 80% of eligible costs (construction, demolition, taxes, and consulting fees). The funding plan for this project includes a combination of grants, Passenger Facility Charges (PFC), and Airport Development Funds (ADF). 80% of the budget increase will be funded with an existing grant.

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Financial Analysis

CIP Category	Compliance
Project Type	Noise Mitigation
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$2,600,000
Business Unit (BU)	Airfield
Effect on business performance	The Port does not charge airlines for the portion of the capital costs funded by grants and PFC's. The ADF funded portion of the project costs will be recovered through rates and charges, so net operating income (NOI) after depreciation will increase.
IRR/NPV	N/A
CPE Impact	Negligible as approximately 95% of costs will be funded by grants and PFCs.

PROJECT SCHEDULE

Implement communication plan	2006 (completed)
Update acquisition and relocation plan	September 2006 (completed)
Acquire Town & Country and relocate hardship tenants	2007 (completed)
Relocate remaining tenants	2008 – 2010
Abate/demolish remaining units	2010 – 2011

PREVIOUS COMMISSION ACTIONS

Resolution No. 2943, as Amended, adopted January 8, 1985 – Created the first Seattle-Tacoma International Airport Part 150 program, which authorized outright acquisition of all incompatible land uses.

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Resolution No. 3062, adopted May 8, 1990 – Adopted the Noise Mediation Agreement, a series of noise reduction measures negotiated through an environmental mediation process, including a measure to explore ways to deal effectively with mitigation for noise-impacted mobile homes.

Resolution No. 3144, adopted, July 1993 – Updated the original Seattle-Tacoma International Airport Part 150 program, including a measure to provide financial incentives for conversion of noise-impacted mobile home parks to airport compatible land use.

Resolution No. 3443, adopted December 12, 2000 – Amended the Port's Part 150 Program to include acquisition of residential properties in the Third Runway North and South Airport Transition Zones and acquisition of mobile/manufactured home parks within the 1998 70 DNL noise contour.

Commission authorization, January 22, 2002 – Authorized staff to acquire two mobile home parks (Flora Vista and Burien Gardens) for \$10,067,000 within the 70 DNL noise contour within the City of Burien as recommended in the Airport's Part 150 Update, 2001.

Resolution No. 3482, adopted February 26, 2002 – Amended Resolution No. 3443 authorizing the Port of Seattle to proceed with the purchase of the affected mobile homes prior to final Federal Aviation Administration approval of the Federal Aviation Regulation Part 150 Study Update.

Commission authorization, June 11, 2002 – Authorized staff to acquire one mobile home park (Upwardly Mobile) for \$1,000,000 within the 70 DNL noise contour within the City of SeaTac as recommended in the Airport's Part 150 Update, 2001.

Commission authorization, January 25, 2005 – Authorized staff to acquire one mobile home park (Tyee Valley Mobile Home Park) for \$4,694,000 within the 70 DNL noise contour within the City of SeaTac as recommended in the Airport's Part 150 Update, 2001.

Commission authorization, August 22, 2006 – Authorized staff to acquire Town & Country for \$25,500,000 within the 70 DNL noise contour within the City of SeaTac as recommended in the Airport's Part 150 Update, 2001.

Commission authorization, May 13, 2008 – Increased project authorization by \$3,384,000 to the revised budget of \$44,645,000. The final authorization to complete the project was pending additional analysis.

Commission authorization, February 3, 2009 – Increased project authorization by \$5,061,110 to the revised budget of \$49,706,110.