

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b
February 3, 2009

DATE: January 27, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Stan Shepherd, Manager, Airport Noise Programs
Jude Barrett, Manager, Aviation Property Acquisition and Relocation

SUBJECT: Relocation of the residents of Parcel Numbers 344500-0110, 344500-0141, 344500-0145, 344500-0155 commonly known as Town and Country Mobile Home Parks in the City of SeaTac.

SYNOPSIS

This authorization continues the relocation of mobile home residents affected by aircraft noise. The relocation was recommended by the FAA in 2002 and the FAA provides 80% grant funding.

REQUEST

Request for authorization for the CEO to execute all documents necessary to complete the relocation of the residents of Parcel Numbers 344500-0110, 344500-0141, 344500-0145, 344500-0155 commonly known as Town and Country Mobile Home Parks in the City of SeaTac, located within the 1998 70 Day Night Level (DNL) noise contour, at an estimated cost of \$5,061,110 including legal and administrative expenses. Typical documents and payments for acquisition and relocation activities include: personal property purchase and sale agreements, moving payments, down payments, first and last month's rent payments, security deposits, payments to appraisers, relocation consultants, mobile home park application fees, utility deposits and pre-payment of mobile home park space rents. For this project, the Manager of Acquisitions & Relocations will be delegated through the CEO to execute these typical documents and payments up to a maximum of \$50,000 per occurrence. Larger payments will be executed according to the CEO redelegation Port Policy Number EX-2. This request will bring the total authorization for this CIP to \$49,706,110.

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 Federal Aviation Regulation Part 150 Study Update completed in 2002 recommended that

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

January 27, 2009

Page 2 of 5

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 Mobile Home Park.

PROJECT DESCRIPTION/SCOPE OF WORK

The scope includes relocation of the remaining residents. Town and Country Mobile Home Park is a large-sized park, with approximately 70 of the original 200 households remaining 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 and Country was the last of the mobile home parks to be acquired.

Strategic Rationale:

This action is in support of the Airport strategy to Develop and Maintain a Supportive Community by assisting residents in relocating to an environment that is not impacted by aircraft noise, and by facilitating the conversion of land to uses compatible with an airport environment.

FINANCIAL IMPLICATIONS

This request for additional authorization is due to a budget increase in real estate costs, the costs to relocate the occupants and an increase in abatement and demolition costs. Although real estate values are perceived to have fallen recently, mobile home replacement housing costs are up by 167% since the 2006 authorization. The cost to relocate occupants has also increased by 50%, while abatement and demolition costs are 39% or \$4,000 higher per unit because remaining residences are larger, double wide units of newer construction with increased comparable values. This authorization will enable staff to relocate approximately 70 mobile home residents to quieter neighborhoods.

Budget/Authorization Summary

Original Budget (2001)	\$ 39,040,000
Budget Increase	\$10,666,110
Revised Budget	\$ 49,706,110

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

January 27, 2009

Page 3 of 5

Revised CIP budget (current)	\$ 49,706,110
Previously authorized	\$ 44,645,000
Current authorization request	\$ 5,061,110
Remaining budget to be authorized	\$ 0

This is anticipated to be the final request for authorization made to the Commission.

Project Cost Breakdown

Current Request

Tenant relocation costs (70 units)	\$ 4,054,267
Unit abatement/Demolition/Site restoration (200 units)	\$ 2,000,000
Total Costs Remaining	\$ 6,054,267
Less Remaining Authorization	(\$ 993,157)
Total Authorization Request	\$ 5,061,110

Source of Funds

This project is included in the 2009-2013 Capital Budget and Plan of Finance under CIP number 200037. This program is approved by the Federal Aviation Administration for federal funding by Airport Improvement Program (AIP) grants, reimbursement of 80% of eligible costs (construction, tax, and consulting fees). The funding plan for this project includes a combination of grants, 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	\$5,061,110
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 NOI after depreciation will increase.
IRR/NPV	N/A
CPE Impact	Less than \$0.01 in 2009-2010, but no changes to business plan forecast as this project was included

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

January 27, 2009

Page 4 of 5

PROJECT SCHEDULE

Implement communication plan	2006 (completed)
Update acquisition and relocation plan	September 2006 (completed)
Acquire Town and Country and relocate hardship tenants	2007 (completed)
Relocate remaining tenants	2008 – 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.

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 SeaTac 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 AGENDA

Tay Yoshitani, Chief Executive Officer

January 27, 2009

Page 5 of 5

Commission authorization, August 22, 2006 – Authorized staff to acquire Town and Country Mobile Home Park 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.