

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 6d

**Date of Meeting** December 7, 2010

**DATE:** December 1, 2010

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Ralph Graves, Managing Director, Capital Development Division  
Diane Summerhays, Director Aviation Community Development

**SUBJECT:** Job Order Contract (JOC) for Remaining Noise Remedy Sound Insulation and Safety Window Replacement Projects (CIP #200093 and CIP #200035).

**Amount of This Request:** \$2,497,395

**Source of Funds:** Airport Development Fund

**State and Local Taxes Paid:** \$213,600

**Estimated Jobs Created:** 20

**Total Project Budget:** \$4,947,395

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Officer to advertise and execute a Job Order Contract for sound insulation services for up to 40 single family residential properties and for 37 single family residential properties requiring replacement windows in the Safety Program located in the existing Noise Remedy Program boundary around Seattle-Tacoma International Airport (STIA). Estimated value for the work under this contract is \$3,830,448 and includes funding from the previously authorized Window Safety project and the new funding authorized by this request. The amount of this request for the Single Family Insulation Program is \$2,462,751, bringing the total authorization to date to \$4,947,395. In the event JOC resources are unavailable, the Port will contract the work via lump sum bids utilizing small works contractors.

**SYNOPSIS:**

The purpose of the single family home insulation program is to provide sound rated windows, doors, and ventilation designed to reduce interior noise levels in single-family homes by a minimum of 5 decibels as per Federal Aviation Administration (FAA) standards. These renovations are available to eligible homeowners within the 1985 Noise Remedy Program boundary. Homeowners will be required to sign an updated aviation easement to participate in the program. Staff recommends using a Job Order Contract to perform this work. JOC is an alternative construction delivery method used primarily for small-to-medium sized renovation,

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

December 1, 2010

Page 2 of 7

remodel and repair projects. This is the first time the Port has used the JOC contracting method, but JOC's have been successfully used by a number of state agencies and local municipalities throughout Washington.

In the early stages of the Noise Remedy Program, many homes were sound insulated by adding additional storm windows to the interior or exterior of existing single pane windows. In February 1998, a home insulation retrofit process was implemented to remove all the secondary storm windows and re-fit the homes with new standard Sound Transmission Class windows. This action was a result of rising homeowner complaints regarding post-insulation safety that was identified through inspection by local building officials. These inspections indicated that the application of secondary storm windows over existing windows, particularly in bedrooms, did not meet safety code requirements.

The current contracting method used in the Noise Remedy Program consists of utilizing Port Construction Services as small works contract to individually manage each sound insulation project. In order to improve the contracting efficiency, the Central Procurement Office has identified a method called Job Order Contract. Establishing the JOC creates a contracting vehicle for cost-effective and timely noise sound insulation contracting services for the remaining eligible residential properties within the current Noise Remedy Program boundary before the existing program concludes on December 31, 2011. Further, since only 10% of the work can be self-performed, a Job Order Contract enables greater participation by small and MWBE contractors than is normally possible under the small works / lump sum contracting method.

### **BACKGROUND:**

The STIA noise mitigation program, under Federal Aviation Regulation Part 150 (Part 150), was established by the Port Commission in 1985 as one of the first such voluntary airport noise mitigation programs in the country. In 1985, the Part 150 study recommended a sound mitigation program based upon an estimate of future noise impacts through the year 2000.

Establishment of the program was reflected in Commission Resolution No. 2943 (approved January 8, 1985) authorizing the Port to conduct an ongoing noise remedy program consisting of insulation of homes and public buildings located in the airport vicinity. The Port Commission authorized staff to take actions to implement the Part 150 recommendations, including periodic evaluation of the program and budgeting for future continuation.

The Noise Mediation Agreement (Resolution No. 3062) further authorized the implementation of a number of noise reduction measures, including acceleration of the program and transitioning from a cost-sharing system between the Port and the homeowner to a fully Port funded standard insulation package.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

December 1, 2010

Page 3 of 7

Resolution No. 3212 (approved August 1, 1996) committed to fulfill additional noise reduction measures in accordance the Puget Sound Regional Council Resolution A-96-02 associated with approval of the 3<sup>rd</sup> runway.

Port staff identified approximately 10,000 residential homes within the Noise Remedy boundary area eligible for noise sound insulation work. The current program is scheduled to conclude at the end of 2011. As of this date more than 9,300 eligible homes have participated in the STIA Noise Remedy program.

JOC is an alternative construction delivery method used primarily for small to medium sized renovation, remodel and repair projects. The JOC contracting process was signed into law by the Washington State Legislature in 2003. Although never used before at the Port, JOC's have been successfully used by a number of state agencies and local municipalities throughout Washington.

The JOC contractor is selected on a competitive basis that takes into account price (multiplier), qualifications and other responsibility criteria. The JOC contractor is statutorily required to subcontract out 90% of the work and provide a subcontracting plan that encourages the use of small businesses. JOC contractors rotate the work among subcontractors thereby providing opportunities for many smaller firms to perform the work. The JOC process differs from a traditional low bid or lump sum construction contract award in that the JOC Contractor is selected before construction contract documents are created.

Under the JOC, each sound insulation renovation project is assigned to the Contractor as a unique job order. For each job order, the JOC contractor will provide an estimate based on the unit price book identified in the contract and apply the multiplier. The POS will scrutinize the estimate and make certain the unit quantities are reasonable, the appropriate unit prices and coefficient are applied consistent with the contract requirements. The job order will be finalized as a fixed price.

The JOC contractor will subcontract out most of the actual work. JOC's are a good tool for the sound insulation program and promotes utilization of small businesses to actually perform the work. Currently, sound insulation construction work is provided via the Small Works/Lump Sum contracting model. This limits the Port's ability to perform the work for several homes under one contract. The need to complete these remaining projects in a timely manner becomes more critical as the end of the Part 150 Study approaches. All future sound insulation projects will be recommended based upon the outcome of the Part 150 process.

Implementing a JOC provides the Noise Remedy Program with a pre-approved and cost-effective 'on-call' contractor, thus providing a timely response to the Noise Remedy Program's ongoing noise mitigation construction needs. This contracting method is scheduled to conclude at the end of current Noise Remedy Program. While in the procurement process for a JOC contractor, if the Port has additional houses ready for sound insulation, the Port may continue to use the small works process to accomplish that work.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

December 1, 2010

Page 4 of 7

### **PROJECT DESCRIPTION/SCOPE OF WORK:**

#### **Noise Remedy:**

The goal of the Noise Remedy Program is to meet the requirements of the various Commission resolutions detailed in the Background section. Significant interior noise reduction is achieved primarily through the replacement of existing doors and windows with sound rated units and making associated modifications to Heating Ventilation and Air Conditioning systems.

In 1993, the Port identified 167 homes as having potential safety egress problems associated with storm windows that were installed in the beginning of the Noise Remedy Program. Since then, the Port has replaced over 130 homes with new windows. There are approximately 37 additional homes remaining for replacement.

The Port will provide funding, staff, oversight, and administration of the program to provide sound insulation to eligible participants within the Noise Remedy Program boundary. Airport Noise Programs estimates that up to 40 home may be eligible to participate in the existing Noise Remedy Program before it concludes at the end on 12/31/2011. After completion of the current program, the STIA Noise Remedy Program boundary will be re-drawn to reflect data from the most recent Part 150 Noise Study currently in progress.

### **STRATEGIC OBJECTIVES:**

This project supports the following Port strategies:

- Enhancing Public Understanding and Support of the Port's Role in the Region is achieved by fostering active community involvement through the noise mitigation work in homes in the neighborhoods surrounding the Airport.
- Environmental Stewardship through our Actions is exhibited by significantly reducing indoor noise levels in the homes renovated under this project.

### **FINANCIAL IMPLICATIONS:**

Single Family Sound Insulation CIP #200093

Budget/Authorization Summary	
Original Budget	\$ 2,450,000
Budget Increase	\$ 2,497,395
Revised Budget	\$ 4,947,395
Previously Authorized	\$ 2,450,000
CIP Cost to Date	\$ 1,546,151
Amount for Projects in Progress	\$ 309,204
Authorization Remaining in CIP	\$ 594,645
Total Project Cost-Current Request	\$ 3,092,040
Current Authorization Request	\$ 2,497,395

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

December 1, 2010

Page 5 of 7

Estimated Cost Breakdown	Average Cost Per Unit	Total Authorization for 40 Remaining Homes
Construction Costs	\$ 43,500	\$1,740,000
Regulated Materials Survey	\$ 2,500	\$ 100,000
Other Materials	\$ 3,250	\$ 130,000
Administrative Costs	\$ 15,861	\$ 634,440
Contingency (10%)	\$ 6,850	\$ 274,000
WSST (9.5%)	\$ 5,340	\$ 213,600
<b>Total</b>	<b>\$ 77,301</b>	<b>\$3,092,040</b>

### Source of Funds:

This project was included in the 2011 – 2015 capital budget and plan of finance under CIP #C200093 with a budget of \$2,450,000. The budget increase of \$2,497,395 will be deducted from the Aeronautical New Projects CIP, resulting in no change to the total Aviation CIP. The funding source will be the Airport Development Fund.

### Financial Analysis:

The following impacts have been calculated based on the increase in the budget.

CIP Category	Compliance Project
Project Type	Environmental
Risk Adjusted Discount Rate	N/A
Key Risk Factors	N/A
Project Cost for Analysis	\$2,497,395
Business Unit (BU)	Airfield
Effect on Business Performance	Increase NOI
IRR/NPV	N/A
CPE Impact	Will increase CPE by \$0.01 by 2013. However, since the budget increase will be deducted from the Aeronautical New Projects CIP, there will be no net increase in CPE.

CIP #200035 Safety Window Replacement was authorized by commission on January 11, 2005.

There is no budget or funding request associated with this authorization. Funding for the Safety Window Replacement program is currently fully authorized.

### **ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:**

Implementing the program will reduce noise impacts on airport neighbors while increasing land use compatibility around the airport. The construction work associated with this project will also bolster economic activity via the purchase of materials as well as providing contracting job

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

December 1, 2010

Page 6 of 7

opportunities in the local community. Through building a supportive community, the Port can impart a positive economic vitality to the local region.

### **ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:**

There are no negative environmental impacts anticipated as a result of this project. Interior noise levels in renovated home will be up to 5 decibels quieter. Upgrades will be constructed using carefully chosen materials with demonstrated long life and durability in a residential application. Materials with pre and post consumer recycled material will be evaluated and used wherever appropriate and available in this project.

### **TRIPLE BOTTOM LINE SUMMARY:**

The Community Development Department and Airport Noise Programs support the airport strategy to develop and maintain a supportive community by working closely with local and regional leaders and residents to develop and implement mutually beneficial land use compatibility agreements, sound insulation programs, property acquisition for noise and construction impacted areas and noise reduction programs. This program also helps to stimulate the local economy in an environmentally-friendly manner.

### **PROJECT SCHEDULE:**

<b>Action</b>	<b>Begin</b>	<b>Finish</b>
JOC Solicitation	December 2010	January 2011
JOC Negotiation	January 2011	February 2011
JOC Award	March 2011	March 2011
Project Design	January 2011	August 2011
Construction	April 2011	February 2012
Project Close out	February 2012	May 2012

### **ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:**

Alternative #1: Establish a Job Order Contract for up to 40 additional Single Family Sound Insulation projects and 37 homes in the Safety Window Replacement project. **This is the recommended alternative.**

Alternative #2: Small Works / Lump Sum is the contracting method that has been used since 2007 for these projects. The time required to put multiple small works / lump sum contracts will make it difficult to complete the desired number of sound insulation projects by the December 31, 2010, end date.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

December 1, 2010

Page 7 of 7

Alternative #3: Major Contract / Unit Cost are another contracting alternative to the JOC. Again, the long lead time required to put this type of contract into place would make it difficult to complete the desired number of home renovations by the end of the current Noise Remedy program.

### **PREVIOUS COMMISSION ACTIONS:**

- Resolution No. 2943 – January 8, 1985
- Resolution No. 3062 – May 8, 1990
- Resolution No. 3212 – August 1, 1996
- Authorization to implement a program to provide sound insulation to residential homes located within the existing Noise Remedy Boundary for an estimated cost of \$2,450,000.00 dated March 27, 2007.