

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6c

CORRECTED COPY

Date of Meeting November 8, 2011

DATE: January 18, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Stan Shepherd, Manager, Airport Noise Programs

SUBJECT: Sound Mitigation of Highline Community College Building 4 (CIP #C200042)

Amount of this Request: \$1,939,689

Source of Funds:

Airport Improvement Federal Grants – 80%

Passenger Facility Charges – 15%

Airport Development Fund – 5%

Estimated State and Local Taxes Paid: \$126,970

Total Estimated Project Cost: \$10,822,000

No. of Jobs Created: ?

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute all documents necessary to complete the sound mitigation work on Building 4 at the Highline Community College (HCC) at an estimated project cost of \$2,154,266, including administrative expenses. This authorization request is for \$1,939,689 and will bring the total authorization for various sound mitigation projects at HCC to \$8,194,619.

SYNOPSIS:

This request for authorization will complete the Airport's obligation to acoustically insulate HCC Building 4 which is the 14th building (of 22 total) the Airport has helped insulate against aircraft noise as a result of cooperative agreements dating back to 1994. This authorization of \$1,939,689 will be added to the remaining available prior authorization of \$2,114,577 to satisfy the Airport's total obligation of \$2,154,266 for Building 4. The Federal Aviation Administration (FAA) Airport Improvement Program (AIP) reimburses 80% of eligible costs to the Airport. The State of Washington pays other costs beyond acoustic noise insulation to complete the renovation of the building. There is no Port property tax levy funding associated with this request.

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BACKGROUND:

In April, 1994, the Port of Seattle (Port) 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 before appreciable final design or investigation work was completed. 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. Thirteen 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 three to five 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 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 2012 for HCC to help complete work on Building 4. In addition, the Port has worked with the FAA to make this Airport Capital Improvement Program (CIP) AIP noise grant eligible to account for 80% of eligible costs. Based on estimates provided by the acoustical architect, the entire cost for the renovation of Building 4 is estimated at \$2,496,257. The Port's portion of funding to noise mitigate the building is \$2,154,266, which includes administrative costs as well as a contingency for construction costs. Because there is only \$214,577 remaining in the current CIP authorization, we are requesting authorization for \$1,939,689 which is the rest of the Port's portion. After this authorization, approximately \$2,627,381 of unauthorized budget will remain in the overall CIP budget for future authorizations to improve other buildings. It is anticipated that more budget will be necessary in the future to insulate the eight remaining buildings.

PROJECT DESCRIPTION/SCOPE OF WORK:

The scope includes renovation of all remaining eligible items in the renovation of Building 4. 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 years 2012 and 2013.

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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 4 at HCC. The budget authorization 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
Budget Increase	<u>3,322,000</u>
Revised Budget	10,822,000
Previously authorized	\$ 6,254,930
CIP Cost-to-date	<u>6,040,353</u>
Authorization Remaining in CIP	214,577
Total Project Cost – Current Request	<u>2,154,266</u>
Current Authorization Request	1,939,689
Remaining budget to be authorized	<u>\$2,627,381</u>

Project Cost Breakdown

	<u>Current Request</u>
Construction Estimate	\$1,336,523
9.5% Sales Tax	126,970
Permits	53,460
Testing @ 1%	13,365
Design Services	<u>235,474</u>
Total Construction Related POS	1,765,792
Contingency 20%	353,158
POS Admin 2%	<u>35,316</u>
Total Project Cost	\$2,154,266

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Source of Funds:

This project (CIP # 200042) is included in the 2011-2015 capital budget and plan of finance. The funding plan for this project includes a combination of AIP grant funds (80% of eligible costs, or approximately 75% of total costs), PFCs (20%) and ADF (5%).

Financial Analysis:

CIP Category	Compliance
Project Type	Noise Mitigation
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$1,939,689
Business Unit (BU)	Airfield
Effect on business performance	Only the ADF funded portion of the capital costs will be included in the airline rate base as an equity amortization charge. NOI after depreciation will increase.
IRR/NPV	N/A
CPE Impact	Less than \$0.01 in 2013, but no changes to business plan forecast as this project was included.

PROJECT SCHEDULE:

Construction should be complete in the Spring of 2013.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Map of Highline Community College depicting buildings insulated.

PREVIOUS COMMISSION ACTIONS:

On January 9, 1985, the Commission adopted Resolution No. 2943 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.

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

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

On May 13, 2008, the Commission authorized staff to proceed with funding for Building 19 at Highline Community College.

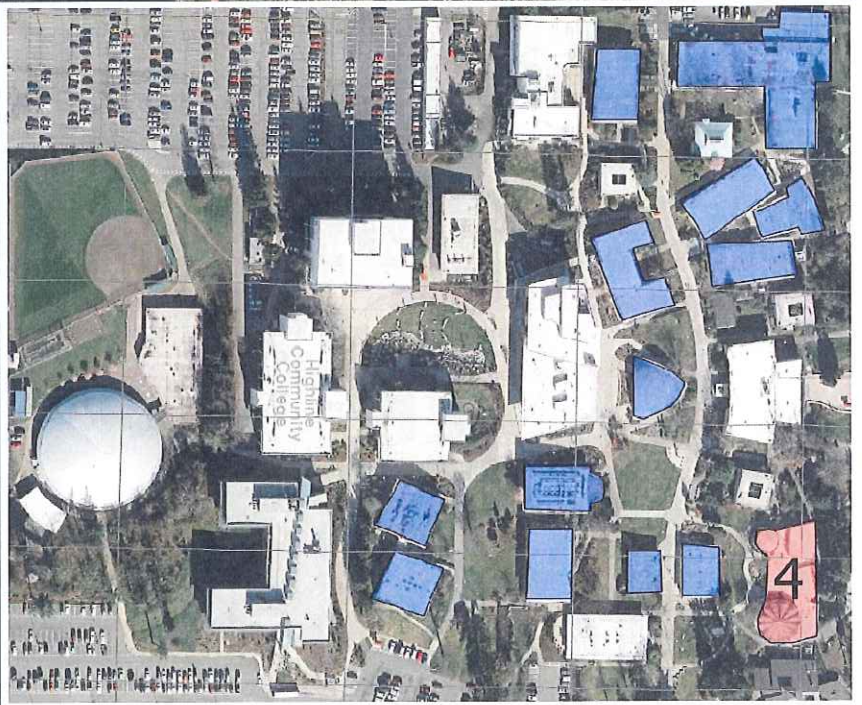
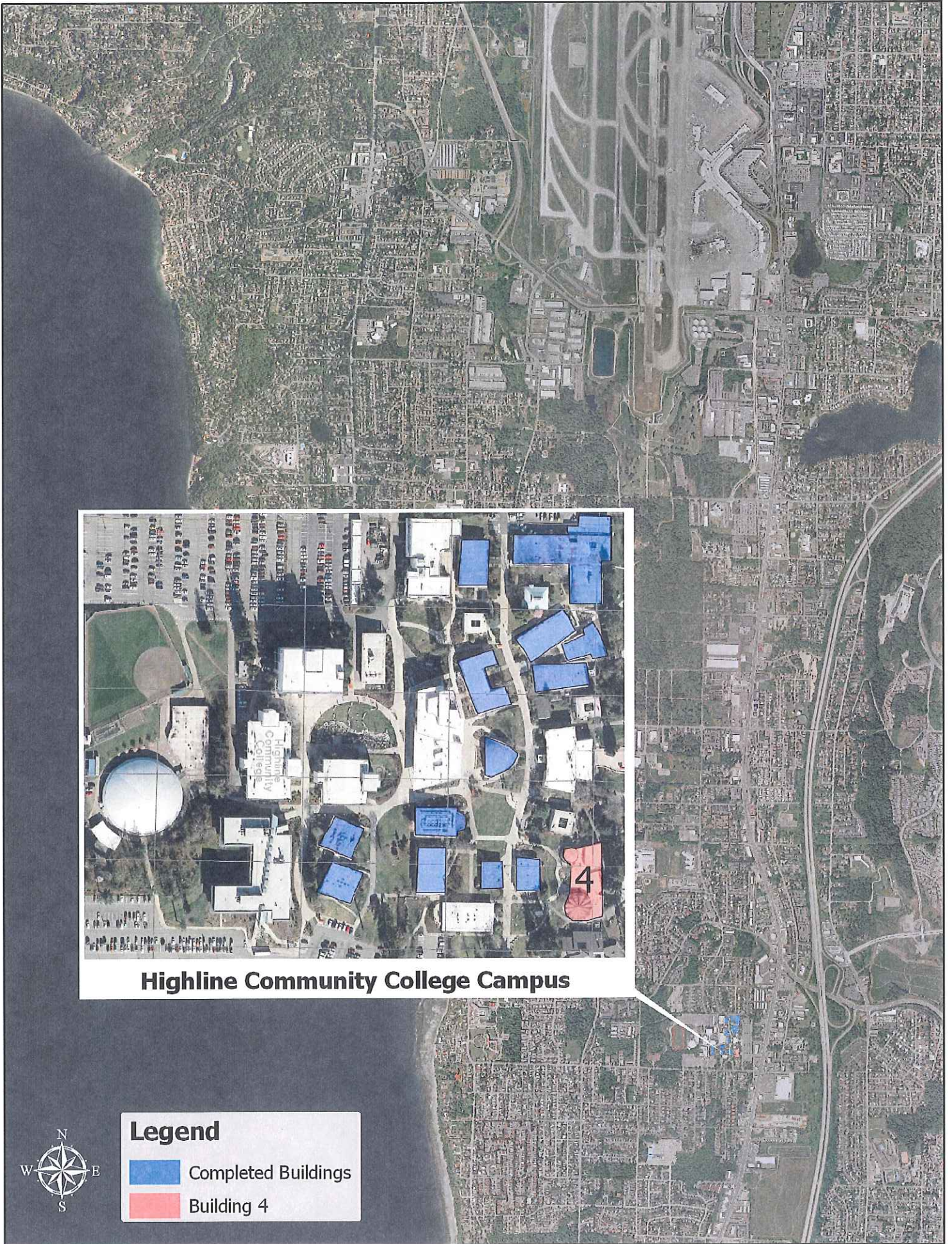
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On November 3, 2009, the Commission authorized staff to proceed with funding for Building 9 at the Highline Community College.



Highline Community College Campus



Legend	
	Completed Buildings
	Building 4