

Item No. 10b_supp

Meeting Date: December 15, 2020

Noise Programs Briefing

December 15, 2020



Agenda

1. Noise Programs Overview
2. Program Status Update
 - 2020 Work
 - Future Work
 - Peer Review
 - Funding/Estimates/Schedule
 - Risks/Challenges
 - Next Steps

Sound Insulation Programs

- Sound Insulation Completed
 - Began in 1985
 - Approximately 9,400 homes
 - 9 Highline Schools
 - 5 condominium complexes, 246 units
 - 14 buildings on the Highline College Campus
- Acquisition Completed
 - 5 mobile home parks, 359 mobile home units
 - 69 homes north of the 3rd runway
 - 1,400 single family homes including 3rd runway acquisition
- Approximately \$300 million spent on sound insulation
- Approximately \$100 million spent on acquisition programs



Sound Insulation Requirements



- Homes must be built prior to 1986 in Des Moines and 1987 in all other areas – building codes meet or exceed FAA standards after these dates
- Homes must have a 45dB DNL or greater interior noise level during an acoustic test to be eligible
- Homeowners are required to sign an aviation easement
 - Homeowners with mortgages have to obtain a subordination or consent agreement from lenders

2020 Work

- **COVID-19 Impacts**
 - Unable to conduct eligibility testing, limited site access prevented home entry and designs
 - Budget challenges have delayed program staffing
- **Subordination Agreement Delays**
 - Challenge obtaining required agreements
 - Villa Enzian bid cancelled
- **2020 Accomplishments**
 - 2 homes completed
 - 18 homes noise audited / 17 homes eligible
 - 14 assessments/designs completed by year end
 - Villa Enzian acoustic testing & designs completed.



Future Work

- Single-Family Sound Insulation
 - Approximately 140 potentially eligible
- Condominium Sound insulation
 - 3 complexes / 133 units potentially eligible
- Apartment Sound Insulation
 - 18 complexes / 903 units potentially eligible
- Places of Worship
 - 7 structures
- Voluntary Acquisition of South 3rd Runway Approach Transition Zone (ATZ)
 - 1 apartment building / 2 single family homes



External Expert and Airport Peer reviews

- Louisville (SDF), San Diego (SAN), Chicago Executive (PWK), Van Nuys (VNY), City of Inglewood (LAX), Minneapolis (MSP), Phoenix (PHX)
- Participation from Executive Review Panel
- Key takeaways:
 - No other airports performed the work at risk prior to receiving FAA grants
 - Work can likely be within the budget ranges proposed
 - May be possible to complete projects prior to 2027
 - Recommended one “over-arching” prime A&E and oversight consultant contract
 - Larger bid packages improve overall speed and efficiency of the program
 - Recommended General Contractor (GC) and supplier information sessions
 - Places of worship have highest constructability/schedule risk

Project Funding

Current Funding:

- FAA Airport Improvement Program (AIP) funding
 - \$7.4 Million allocated to the Condominium projects / more will be needed to complete the 3 complexes
 - Recent FAA noise grants have totaled \$7.4M (2020), \$18.4M (2019 for Highline Schools projects), and \$1.8M (2018)

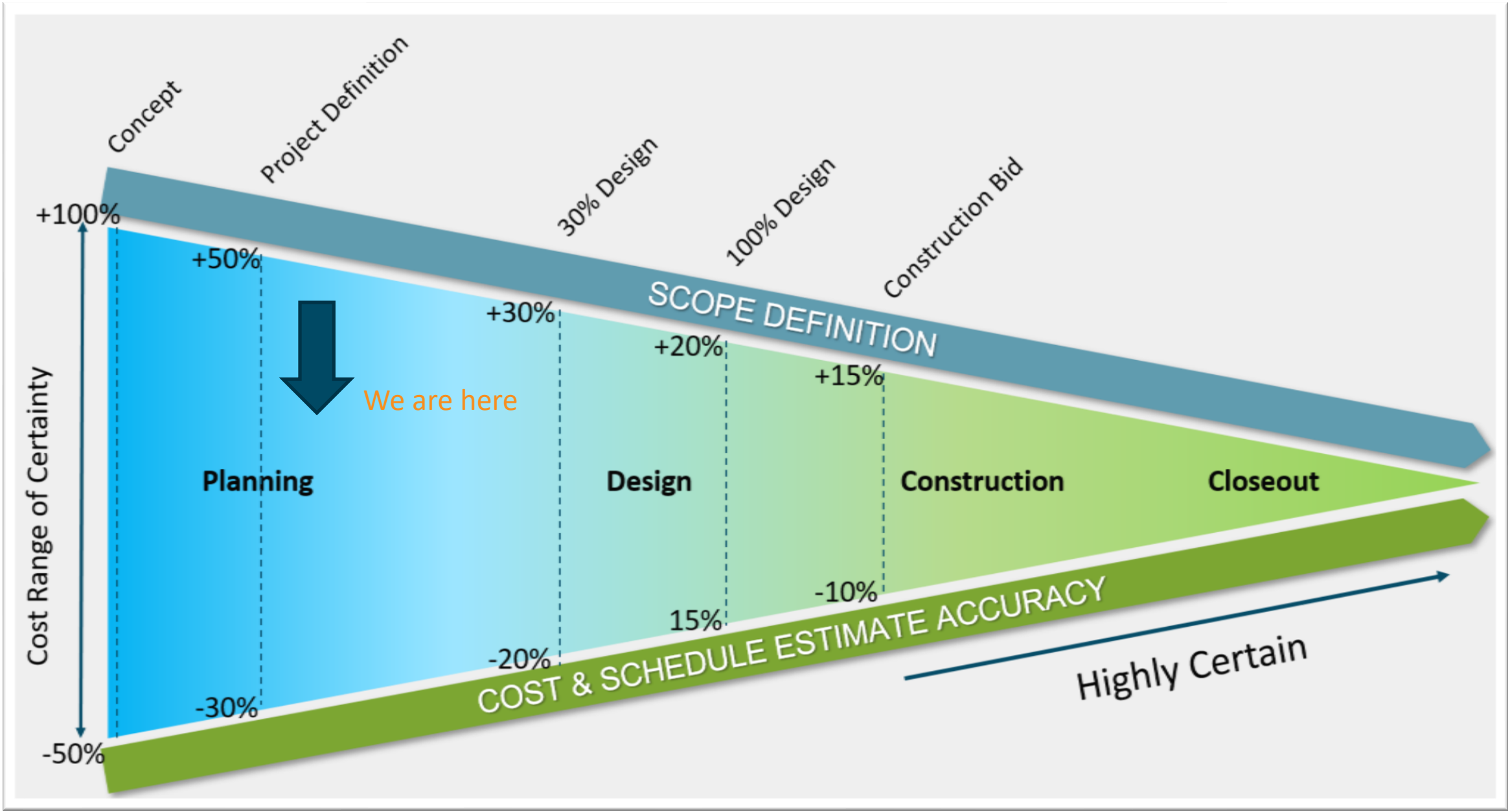
Future Funding:

- FAA noise grants at other airports \$0 – \$20 Million per year
 - FAA grants are not guaranteed
 - Reduced COVID passenger counts impact future funding
 - SEA competes for the FAA's total yearly noise funding with all airports nationwide

Project Funding

Potential funding sources:

- Airport cash
 - Revenue bonds
 - Tax levy (only airport noise use has been for school insulation)
 - Commercial Paper – potential interim funding source for “at risk”
 - Passenger Facility Charges (PFC) – this option would shift PFC’s from other critical airport projects
- “At risk” - eligible projects can be constructed and potentially reimbursed with FAA noise grants at a later date when/if FAA funding becomes available.



Current Funding Scenario

- Complete program prior to 2027 regardless of FAA funding
 - Meets the requirements of Commission adopted Motion 2020-04
 - Potential for reimbursement by FAA- but assumes all expenditure at-risk
 - FAA contribution likely to be higher than \$7.5M

FAA Contribution	POS Grant Match	Port Funded at risk	Year Complete	Program Total Cost
\$7.5M	\$0	\$160M-\$275M	2027	\$160M-\$275M

\$10M/Year Funding Scenario

- Based on an assumption of \$10M/year in FAA funding
 - Lower funding risk scenario
 - Program completion estimated to occur ~ 2035

FAA Contribution	POS Grant Match	Port Funded at Risk*	Year Complete	Program Total Cost
\$139M	\$35M	\$63M	2035	\$187M-\$329M

*Subject to Cone of Certainty Ranges

\$20M/Year Funding Scenario

- Assumes receiving \$20M in FAA funding per year.
 - Port would need to upfront approximately \$30 million that may be eligible for FAA reimbursement at a later date- but expenditure at risk
 - Maximizing FAA funding would put program completion in 2030

FAA Contribution	POS Grant Match	Port Funded at Risk*	Year Complete	Program Total Cost
\$143M	\$36M	\$30M	2030	\$165M-\$289M

*Subject to Cone of Certainty Ranges

Scenario Comparisons

Option	FAA Contribution	POS Grant Match	POS Funded at Risk*	Year Complete	Program Total Cost
Current Funding	\$7.5M	\$0	\$193M	2027	\$160M-275M
\$10M/Year	\$139M	\$35M	\$63M	2035	\$187M-\$329M
\$20M/Year	\$143M	\$36M	\$30M	2030	\$165M-\$289M

*Subject to Cone of Certainty Ranges

Risks/Challenges

- Obtaining subordination or consent agreements could continue to delay program completion
- COVID-19 risks particularly high working in people's homes
- FAA cannot commit to grant funding or amounts
- Negative MII could result in schedule delays
- Funding could compete with other projects
- Budget constraints have delayed program staffing
- Obtaining qualified sound insulation contractors is challenging/costly
- Increased supply chain issues on specialty rated noise products
- Not all homeowners may choose to participate
- Not all structures will pass the FAA required noise audit

Next Steps

- Develop Subordination Agreement solution
- Procure over-arching consultant for apartments, places of worship, remaining single-family homes
- Begin owner outreach and designs on apartment complexes
- Hire two FTE managers to oversee consultants and acceleration
- Continue construction on single family homes that do not require subordination agreement or have agreements in place
- Potentially begin construction on Villa Enzian units that do not require subordination agreement or have agreements in place

Questions?