

Item No. 10c\_supp

Meeting Date: August 10, 2021

# Sound Insulation Program Briefing

August 10, 2021



# Agenda

## 1. Sound Insulation Acceleration Update

- Acceleration overview
- Program status update
- Funding/Estimates/Schedule
- Risks/Challenges
- Next steps

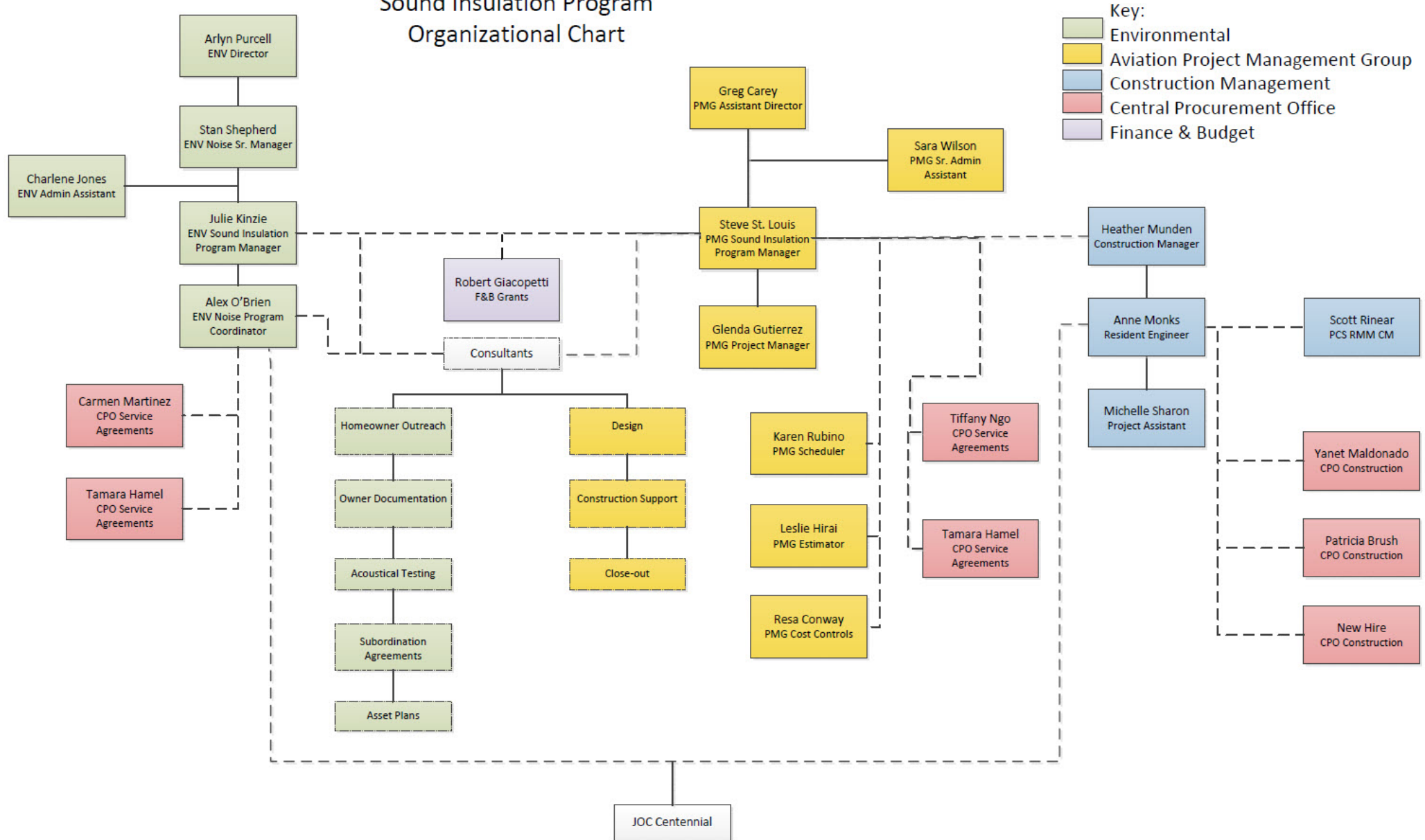
# ACCELERATION OVERVIEW

# Acceleration Motion

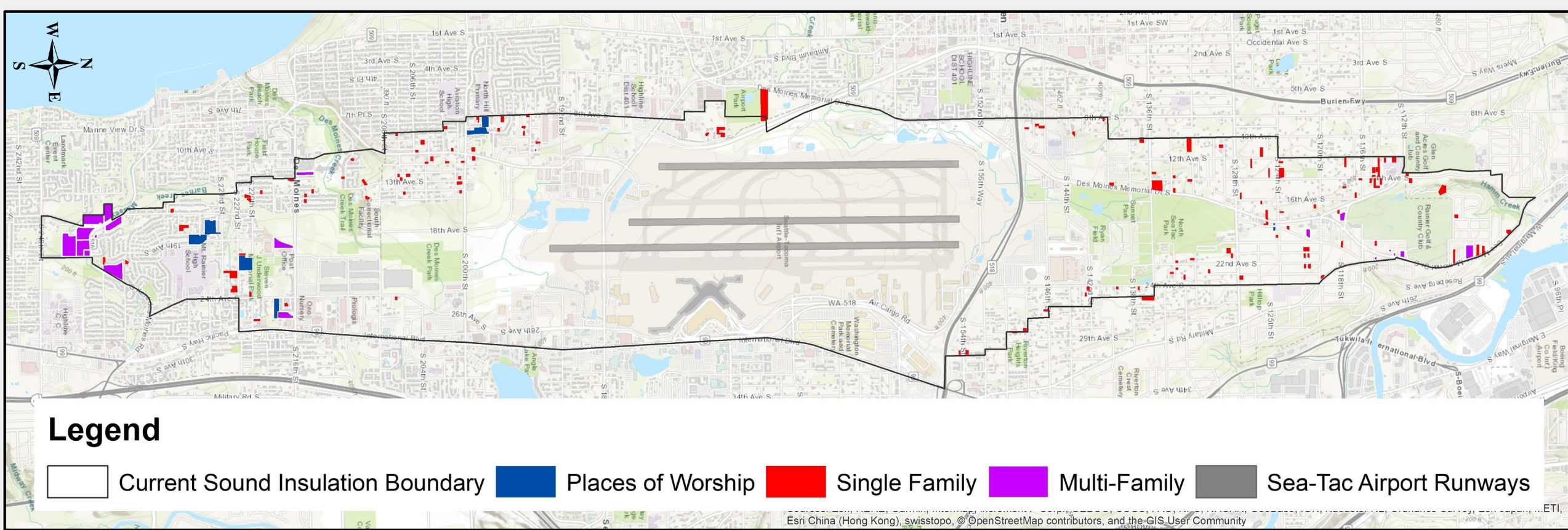
- Commission passed Motion 2020-4: Acceleration of Sound Insulation Programs at the Port on February 25, 2020.
  - Port of Seattle Executive Director shall take necessary actions to accelerate the airport Sound Insulation Program to complete by 2026.
  - The Executive Director shall implement the recommended structure, staffing, funding, resources, consulting, and contracting to ensure a timely delivery of the program.

# Sound Insulation Acceleration Team

Sound Insulation Program  
Organizational Chart



# Potentially Eligible Properties



# Program Status Update

- History of Sound Insulation
- Highline High School
- Equity, Diversity, Inclusion recommendations
- Updates on market segments
  - Apartments
  - Single-Family Homes
  - Condominiums
  - Places of Worship
  - ATZ
- Subordination Improvement

# History of Sound Insulation

## Sound Insulation Program

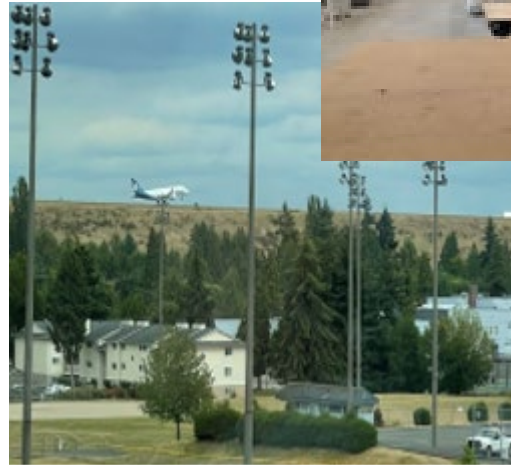
- Single-Family Homes - over 9,400 sound insulated since 1985
- Condominiums – five complexes sound insulated (246 units)
- Highline Schools - \$100M for sound insulation (\$50M from the Port and \$50M FAA) in noise impacted school buildings
  - 9 of 15 identified schools are complete
- Highline College – Approximately \$14M for sound insulation in 14 buildings
- Approximately \$300M on sound insulation projects

## Acquisition & Relocation

- 5 mobile home parks, (359 units)
- 69 homes north of the 3<sup>rd</sup> runway
- 1,400 Single-Family Homes in 3<sup>rd</sup> runway acquisition
- Approximately \$100 million spent on acquisition programs



# Highline High School – Grand Opening Fall 2021



- Funded by HSD, FAA Grants and Port Tax Levy and Airport Funds
- Key features
  - Production Kitchen
  - Two Theater spaces
  - Industrial Design shops
  - Chemistry lab
  - Shared "Lab Space" design
- Kawneer Windows
  - Designed for Education (STC44)
  - Versoleil® SunShade - Outrigger System
  - Reduces glare, improves energy efficiency
- MERV 13

# Equity, Diversity and Inclusion Recommendations

- Website Enhancements
  - Improve text and images on website
  - Leverage and promote Google translate tool utilized on Port website
- Broad and Targeted Outreach
  - More frequent communication
  - Varied approach: letter, postcard, adjust messaging
- On-going discussion as additional tools are available

# Single-Family Homes

- Remaining 140 homes potentially eligible/80 estimated to participate
  - As of July 22<sup>nd</sup>, 51 have applied
  - At least 10 to be completed in 2021
  - 6 additional with agreements in place
  - 35 in design or pre-acoustic testing
    - Acoustic testing and final designs in Q4
    - Outreach campaign initiated
  - Estimated construction of 14+ homes per year through 2026
- Subordination Agreements/COVID-19 will continue to be factors to mitigate



# Condominiums



- 2 active complexes - 88 units total
- First complex - Villa Enzian – Des Moines (28 units)
  - 7 units starting construction Aug 2021
  - Major Works contracts for remaining units (pending 9 subordinations), completion 2022
  - Units that do not have subordination agreements in place prior to major works bid opening will be included in a subsequent construction contract
- Whispering Brook pending HOA participation
- Sunrise Terrace declined by the HOA

# Apartment Planning

- 18 complexes (903 units)
  - Application process initiated
- A&E procurement completed
- Acoustic testing to begin Q4 2021
  - Quarterly testing plan through 2022
- Construction 2022 - 2026
  - Design will be triggered as Subordination received
  - Apartments likely to have one lender for the complex
  - Construction Completion by Q4 - 2026

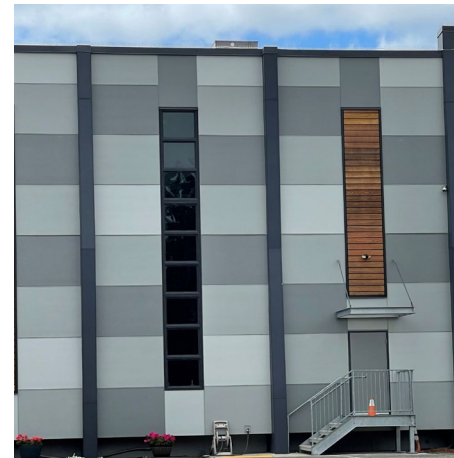


# High Level Apartment Milestones

- Acoustic Testing & Outreach: Q4 2021 – Q4 2023
- Design & Permitting: Q4 2021 – Q3 2025
- Construction: Q3 2022 – Q4 2026
- Milestones represent multiple design and construction phases with completion by the end of 2026

# Places of Worship Planning

- 7 Places of Worship identified
- A&E Consultant specialists
  - Design requirements more extensive
  - Construction planning will be more challenging due to multi-use (school, food bank, special events)
  - A&E firm brings national expert in sound insulating places of worship to the team



# Future South ATZ Project

- Voluntary Acquisition of South 3<sup>rd</sup> Runway Approach Transition Zone (ATZ)
  - 2,500 feet off the end of the Runway Protection Zone (RPZ)
  - 1 apartment building (6 units) / 2 single-family homes
  - Date not yet determined





# Subordination Enhancements

## Specialized Consultant Progress

- Receiving Subordinations/Consent Agreements & Avigation Easements faster
- Static Challenges
  - Owners are slow in returning required lender document(s)
  - Some lenders are slow to respond/have more requirements
- 4-month average time to complete

## Refined Process

- A&E coordinating activities:
  - Title, Avigation Easement & Subordination assistance
  - During home visit, lender 3rd party communication document will be presented
  - Utilize owner/designer relationship
- Initiate Avigation Easement and Subordination immediately after Acoustic Testing

# FUNDING, ESTIMATES & HIGH LEVEL SCHEDULE

# Prior Funding Practice

- October 11, 2013: Resolution No 3683 was passed by Commission approving the Part 150 to be submitted to the FAA for review.
- June 5, 2014: FAA issued a P150 record of approval
- Single-family homes insulation spending pace was tied to the availability of grants.

# Cash flows & Grant Eligibility

Noise Projects	Total Budget	In 000's							
		Cost as of Q4 2020	2021	2022	2023	2024	2025	2026	2027
C200096 APARTMENTS NOISE PROGRAM	\$133,515			10,719	31,069	38,996	33,194	19,537	
C200098 PLACES OF WORSHIP NOISE PROGI	\$25,872		-		1,031	6,546	9,664	6,521	2,110
C200094 SINGLE FAMILY HOMES NOISE PRO	\$16,890	2,694	1,247	2,323	3,745	4,838	1,793	250	-
C200097 ATZ NOISE PROGRAM	\$3,313		-	-	39	2,456	812	6	-
C200095 CONDOMINIUMS NOISE PROGRAM	\$22,021	948	2,144	8,668	6,247	4,014		-	-
<b>Total</b>	<b>\$201,611</b>	<b>\$3,642</b>	<b>\$3,391</b>	<b>\$21,710</b>	<b>\$42,131</b>	<b>\$56,850</b>	<b>\$45,463</b>	<b>\$26,314</b>	<b>\$2,110</b>

	In 000's			
	Construction - AIP Eligible		Ineligible for grants	Total
	80% Grant	20% airport match		
C200096 APARTMENTS	97,342	24,336	11,837	133,515
C200098 PLACES OF WORSHIP	17,667	4,417	3,788	25,872
C200094 SINGLE FAMILY HOMES	12,167	3,042	1,682	16,890
C200097 ATZ	2,243	561	509	3,313
C200095 CONDOMINIUMS	13,290	3,323	5,408	22,021
<b>Total</b>	<b>142,710</b>	<b>35,677</b>	<b>23,224</b>	<b>201,611</b>
		Port-share	29%	

Projects cashflows reflect full participations and that the plan would be updated regularly as conditions change.

# Funding Plan

## Scenario 2 - \$10M Annual Grant

	<i>FAA Reinvested Fund *</i>	<i>AIP grant Received</i>	<i>AIP - Future</i>	<i>Tax Levy</i>	<i>Airline Rate Base (Bonds/CP)</i>	<i>Total</i>
in 000's						
C200096 APARTMENTS	\$ -	\$ -	\$ 69,000	\$ -	\$ 64,515	\$ 133,515
C200098 PLACES OF WORSHIP	-	-	6,000	-	19,872	25,872
C200094 SINGLE FAMILY HOMES	7,100	1,877	-	-	7,913	16,890
C200097 ATZ	-	-	-	-	3,313	3,313
C200095 CONDOMINIUMS	-	7,416	5,000	-	9,605	22,021
<b>Total</b>	<b>\$ 7,100</b>	<b>\$ 9,293</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ 105,218</b>	<b>\$ 201,611</b>

### FAA grant awards

- \$7.1M Single-Family Homes (FAA reinvested funds)
- \$1.8M Single-Family Homes (2018)
- \$7.4 Million allocated to the Condominium projects (2020)
- \$13.3M Apartment projects tentative award (2021)
- \$18.4M (2019 for Highline Schools projects)













# Funding Strategy

- a) Use taxable commercial paper (CP) as an interim funding source until the availability of grants is known.
- b) Continue to apply for grants to fund retroactive spending.
- c) Issue Airport Revenue Bonds when retroactive reimbursement is unlikely.
- d) PFC has insufficient capacity for the next 5-10 years without shifting from other projects such as NSAT or IAF.
- e) The use of Tax Levy can be a funding source if available.

# Risks/Uncertainties

- 1) Estimated costs could differ:
  - a) Lack historical estimate data
  - b) Property owners choose not to participate
  - c) Properties not qualified after acoustic testing
  - d) Change in noise contour with updated future Part 150
- 2) Grant availability

# Project Risks

RISKS	DESCRIPTION	PROBABILITY	IMPACT	MITIGATION
MII vote	A “No-Vote” for programs requiring MII could result in construction delays	Low 	Med 	Proactive briefings with the Airlines regarding the importance of the program to the Port and the local community.
Participation	No historical information on Apartment participation. SFH – remaining eligible properties	High 	High 	Continual outreach initiative to gain earlier participation in the program.
Subordination/ Consent Agreements	Agreements are required prior to proceeding with design(s).	High 	High 	Added a specialty consulting firm to refine the process, improve participation in the program by assisting with subordination/consent agreement coordination.
Funding	FAA grant funding is not guaranteed	Med 	Low 	FAA grant funds for noise programs can be applied retroactively after projects are completed. AV/F&B has a financial plan to support fully funding the sound insulation programs.
Specialty sound-rated products	Sound insulation products (doors and windows) are long lead items. Could cause delay.	Med 	Med 	Long-lead times for materials are built into the construction schedule. Contractor provides updates on potential delays bi-weekly.
COVID-19	COVID-19 could pose additional restrictions on contractor access to properties	Low 	High 	To ensure safety while working inside properties, the Port and Contractor(s) will follow all current COVID safety protocols as required.



# Next Steps

- Commence planning/testing/design with A&E Consultant
- Continual owner outreach
  - Initiate designs for apartment complexes as subordination agreements are received
- Continue construction on Single-Family Homes at an accelerated pace as subordination agreements are received
- Complete construction at Villa Enzian Condominium Complex for units with subordination/Consent agreements in place
- Apartment Design Authorization

# Questions?