

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Sub-Committee
FROM: Budget and Legislative Analyst 
SUBJECT: April 10, 2013 Budget and Finance Sub-Committee Meeting

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Item 1 File 12-1038	Department(s): San Francisco Airport (Airport) Department of Real Estate
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objective</p> <ul style="list-style-type: none"> • The proposed resolution would (1) approve the acquisition of 30 aviation easements from various property owners in San Mateo County required for the Airport's Noise Insulation Program, (2) adopt findings that the Noise Insulation Program is categorically exempt from environmental review under the California Environmental Quality Act (CEQA), (3) adopt findings that the acquisition is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1, and (4) authorize the Director of Property and the Mayor to execute documents, make certain modifications, and take certain actions in furtherance of the proposed resolution. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Aviation easements effectively permit aircraft to fly in airspace above private property when landing or taking off from an airport and restrict property owners from creating any obstructions to the aircrafts' functioning while within the property's airspace. • On March 24, 2010, the Airport applied to receive up to \$1,500,000 in Federal Aviation Administration (FAA) funding to pay for up to 80 percent of the costs of soundproofing residences located near the Airport in exchange for aviation easements. The FAA approved the grant on August 24, 2010. • In September, 2011, the Airport negotiated to acquire 30 aviation easements from various property owners in San Mateo County in exchange for soundproofing of residences located on those 30 properties. On May 9, 2012, the Director of Planning found that the proposed acquisition of the 30 aviation easements to be categorically exempt from environmental review under CEQA and to be consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1. The soundproofing on the 30 pieces of property was completed in May, 2012. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total cost to complete the soundproofing of the 30 properties in conjunction with the 30 aviation easement acquisitions from property owners was \$1,481,924. As noted above, the Airport paid for the costs of soundproofing residences in exchange for the aviation easements acquired from the property owners. • The Airport provided \$324,861, or 21.9 percent, of the total \$1,481,924 cost, which was previously appropriated by the Board of Supervisors. The source of the Airport's \$324,861 in funding is the Airport's Capital Fund and is part of the Airport's FY 2011-12 Capital Plan. The source of funding for the remaining \$1,157,063, or 78.1 percent of the total project cost, is the previously noted FAA grant. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT/BACKGROUND

Mandate Statement

In accordance with Administrative Code Section 23.1, all resolutions and ordinances involving sales, leases, acceptances, and other real estate transactions must be conducted through the Director of Real Estate and are subject to approval by the Board of Supervisors.

Background

Title 21 of the California Administrative Code establishes regulations regarding control and reduction of aircraft on noise levels in areas surrounding airports within the State, including:

- Establishing the acceptable level of noise in the vicinity of an airport to be below an annual community noise equivalent level¹ (CNEL) value of 65 decibels.
- Establishing noise impact boundaries which are the locus of points around airports for which the annual CNEL is equal to 65 decibels.
- Requiring that airports monitor CNEL values within the noise impact boundaries containing residential areas on a continuous basis².
- Mandating that airports eliminate incompatible land uses within noise impact boundaries caused by annual CNELs exceeding 65 decibels by reducing the annual CNEL to 65 decibels or lower unless an airport resolves the issue through other specific actions, such as acquiring an avigation easement for the affected properties.

Avigation easements received by airports from property owners grant the right-of-flight in the airspace above and in the vicinity of a property located near an airport, including the right to:

- Create noise, vibrations, air currents, illumination, electronic interference, aircraft engine exhaust and emissions, dust, discomfort, or other environmental effects inherent in aircraft travel.
- Restrict or prohibit any constructions or installation of any building, structure, improvement, tree, or other object on the property that constitutes an obstruction to air navigation.
- Restrict the creation of electrical or electronic interference with aircraft communications systems, aircraft navigation equipment, or with Federal Aviation Administration (FAA), airline, or airport personnel communication with any aircraft.

Therefore, avigation easements effectively permit aircraft operations above private property when landing or taking off from an airport and restrict property owners from creating any obstructions to the aircrafts' functioning while within the property's airspace

¹ The daily Community Noise Equivalent Level ("CNEL") represents the average daytime noise level in decibels during a 24-hour day, adjusted to an equivalent level to account for the lower tolerance of people to noise during evening and night time periods relative to the daytime period. The annual CNEL is the average of the daily CNEL over a 12-month period.

² The Airport updates Noise Exposure Maps reporting average CNELs on a quarterly basis.

The Airport's Noise Insulation Program

According to Mr. Gerardo Fries, Manager of Special Projects in the Business & Finance Division of the Airport, the Airport has worked with the surrounding communities and the County of San Mateo to eliminate incompatible land uses through the Airport's Noise Insulation Program since 1983. The Noise Insulation Program was established to eliminate incompatible land uses within the noise impact boundary in order to meet the State requirements described above through specific actions such as the acquisition of avigation easements and installation of noise insulation improvements on properties located near the Airport. Such improvements are designed to achieve a reduction of aircraft noise inside all of the treated properties within the noise impact boundary of at least 5 decibels, and a maximum annual CNEL of 45 decibels in the livable areas of the dwellings. Standard soundproofing conducted as part of the Noise Insulation Program includes:

- Replacement of existing windows and doors with new windows/doors that provide noise insulation.
- Installation of attic insulation to mitigate the impact of aircraft noise.
- Installation of fresh air intakes.³

Between 1985 and 2007, the Noise Insulation Program has resulted in the Airport acquiring 12,630 avigation easements from property owners located near the Airport in San Mateo County. As shown in Table 1 below, the total cost to complete the soundproofing in conjunction with the 12,630 avigation easement acquisitions was \$187,015,073, of which \$135,271,450 or 72.3 percent was funded with Airport funds. The remaining \$51,743,623, or 27.7 percent in funding, was provided by Federal Aviation Agency (FAA) grants.

Table 1: Summary of Funding Sources of Previous Phases of the Noise Improvement Program

Time Period	Total Cost of Noise Improvements	Airport Funds	FAA Funds
1985-2000	\$21,052,278	\$4,210,456	\$16,841,822
1991	10,000,000	10,000,000	0
1992 – 2000 ⁴	123,877,034	102,427,114	21,449,920
2000 - 2007	32,085,761	18,633,880	13,451,881
Total	\$187,015,073	\$135,271,450	\$51,743,623

³ A fresh air intake is an opening or inlet through which outside air is brought into an air-conditioning system or into a boiler room.

⁴ The FAA covered only 17.3 percent of the cost of soundproofing completed from 1992 to 2000 because a Memorandum of Understanding (MOU) between the Airport and municipalities located near the Airport signed in 1992 was based on a 1983 FAA-approved Noise Exposure Map, defining areas eligible for Federal reimbursement. When a new Noise Exposure Map was approved by the FAA in 1995, thousands of properties were no longer eligible for Federal funding but were still eligible for the soundproofing under the MOU.

On March 24, 2010, the Airport applied to receive up to \$1,500,000 in FAA funding to pay up to 80 percent of the costs of soundproofing homes in exchange for avigation easements. The FAA approved the \$1,500,000 grant on August 24, 2010.

Mr. Fries advises that, during previous phases of the Noise Improvement Program, some property owners chose not to participate in the program or failed to respond to invitations to participate and, as a result, no easements for those properties were acquired at the time. Subsequently, some of those properties have been sold to new homeowners who have now chosen to participate in the Noise Improvement Program. In September, 2011, the Airport negotiated to acquire 30 additional avigation easements from various property owners in San Mateo County in exchange for soundproofing residences located on those properties.

On April 3, 2012, the Airport Commission approved the acquisition of the 30 avigation easements (Airport Commission Resolution No. 12-0077).

Contract Information for Soundproofing Work Conducted

According to Mr. Fries, the Airport initiated a Request for Qualification (RFQ) process on July 22, 2008 to select a noise insulation consultant⁵. The Airport Commission awarded the agreement to C.Kell-Smith & Associates for a three-year term from December 22, 2008 through December 21, 2011, for a not to exceed amount of \$750,000. Prior to the expiration of the agreement with C. Kell-Smith & Associates, the Airport conducted a second RFQ process to select a noise insulation consultant to continue supporting the Airport with the Noise Insulation Program. The Airport Commission awarded a new agreement to C. Kell-Smith & Associates for a three-year term from December 22, 2011 to December 21, 2014, with two one-year options to extend the agreement and a not-to-exceed amount of \$750,000. A total of \$614,320 related to the acquisition of the 30 avigation easements was expended under both agreements.

In addition, the Airport initiated a competitive bidding process for the construction of the noise improvements on June 7, 2011, and awarded the construction agreement to G&G Specialty Contractors on November 15, 2011. The construction agreement specified that all work needed to be completed on or before June 6, 2012 and could not exceed \$843,905. \$837,396 was expended under the agreement.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) approve the acquisition of 30 avigation easements from various residential property owners in San Mateo County required for the Airport's Noise Insulation Program, (2) adopt findings that the Noise Insulation Program is categorically exempt from environmental review under the California Environmental Quality Act (CEQA), (3) adopt

⁴ The scope of work that a noise insulation consultant is required to perform includes (1) review of County records and current noise impact boundary to identify properties that might qualify for noise insulation and/or may require aircraft noise easements, (2) coordination of noise insulation design and installation services, (3) preparation of construction specifications for noise insulation installation work, (4) providing assistance to the Airport in preparation of bidding documents for selection of noise insulation installation contractor, (5) coordination of easement acquisitions and recording, (6) handling of inquiries from property owners regarding eligibility for noise insulation work funded by the FAA and the Airport, (7) handling of inquiries regarding warranty repairs of noise insulation work, and (8) development of cost projections and budgets related to future needs of the Noise Insulation Program.

findings that the acquisition is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1, and (4) authorize the Director of Property and the Mayor to execute documents, make certain modifications, and take certain actions in furtherance of the proposed resolution.

The soundproofing of the 30 properties for which the avigation easements are to be acquired was completed in May 2012.

On May 9, 2012, the Director of Planning found the proposed acquisition of the 30 avigation easements to be categorically exempt from environmental review under CEQA and to be consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

FISCAL IMPACT

Mr. Fries advises, as shown in Table 2 below, that the total cost to complete the soundproofing in conjunction with the 30 avigation easements acquired by the Airport from property owners was \$1,481,924. As noted above, the Airport paid for the costs of soundproofing residences from aircraft noise in exchange for the avigation easements acquired by the Airport from the property owners.

Table 2: Summary of \$1,481,924 in Estimated Costs of Acquiring 30 Avigation Easements

	Cost For All 30 Properties	Average Per Unit
Noise Improvement Consultation Services	\$614,320	\$20,477
Airport Administrative Costs	30,208	1,007
Construction Costs	837,396	27,913
Total Cost	\$1,481,924	\$49,397

As shown in Table 3 below, the Airport provided \$324,861, or 21.9 percent, of the \$1,481,924 total project cost, which was previously appropriated by the Board of Supervisors. The source of the Airport's \$324,861 in funding is the Airport's Capital Fund and the acquisition of the 30 avigation easements is part of the Airport's FY 2011-12 Capital Plan. The source of funding for the remaining \$1,157,063, or 78.1 percent of the total project cost, is the FAA grant.

Table 3: Summary of Source of Funding for \$1,481,924 in Estimated Costs of Acquiring 30 Avigation Easements

	Funding Amount	Percentage of Total
FAA Grant Funds	\$1,157,063	78.1%
Airport Capital Funds	324,861	21.9%
Total Funds	\$1,481,924	100.0%

RECOMMENDATION

Approve the proposed resolution.