

**LAND ACQUISITION AND RELOCATION
ASSISTANCE AT THE SEATTLE-TACOMA
AND RENO-TAHOE INTERNATIONAL
AIRPORTS**

Federal Aviation Administration

Report Number: SC-2004-090

Date Issued: September 23, 2004



Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Audit Report on Land Acquisition
and Relocation Assistance at the Seattle-Tacoma
and Reno-Tahoe International Airports
Federal Aviation Administration
SC-2004-090

Date: September 23, 2004

From: Alexis M. Stefani 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-60

To: Associate Administrator for Airports

This report presents the results of our audit of Federal Aviation Administration (FAA) oversight of airport land acquisition and relocation assistance programs. The objective of our audit was to determine whether FAA oversight ensures that airport sponsors: (1) acquire property and relocate occupants in accordance with applicable laws and regulations, and (2) are reimbursed only for costs eligible under the Airport Improvement Program (AIP). Based on our survey results, we decided not to expand our audit nationwide. Therefore, our audit was limited to two airports: Seattle-Tacoma International Airport (Seattle-Tacoma) and Reno-Tahoe International Airport (Reno-Tahoe). We found Seattle-Tacoma complied fully with laws and regulations for property acquisitions, relocations, and claims for reimbursement. Comparatively, we found minor procedural weaknesses in these areas at Reno-Tahoe. We also questioned Reno-Tahoe's planned use of \$1.5 million in AIP funds to relocate several buildings. See the Exhibit for a full description of our audit scope and methodology.

BACKGROUND

FAA provides sponsors with AIP funds to acquire land for airport development and aviation-related purposes and to mitigate the effect of aircraft noise in the immediate vicinity of airports. In addition, FAA provides funds to relocate persons dislocated by the land acquisitions. FAA is responsible for ensuring uniform and equitable treatment of persons affected by Federally assisted airport land acquisitions, within the provisions and entitlements of the Uniform

Relocation Assistance and Real Property Acquisition Policies Act of 1970. FAA Advisory Circular Number 150/5100-17, “Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects,” includes guidance to meet requirements of the Uniform Act.

RESULTS

Sponsors for Seattle-Tacoma and Reno-Tahoe¹ acquired property and relocated occupants consistent with applicable laws and regulations, except for minor procedural weaknesses concerning appraisals, offers of compensation, and claims for reimbursement at Reno-Tahoe. Nevertheless, we questioned Reno-Tahoe’s planned use of \$1.5 million in AIP funds to relocate several buildings to another site. These buildings, which are located on land acquired by Reno-Tahoe, no longer appear to have the historical significance thought when FAA agreed to participate in their planned relocation. As a result, we are recommending that FAA critically reassess whether it should participate in relocating the buildings. If FAA confirms our observations regarding the buildings, the grant used to acquire the land should be closed, and any unexpended funds should be made available for other AIP projects. We are also recommending FAA recover minor amounts of ineligible title insurance and excess moving expenses that had been included in Reno-Tahoe’s Federal reimbursement claims.

Acquisitions, Relocations, and Claims Were Substantially Consistent With Laws and Regulations

Seattle-Tacoma

Seattle-Tacoma met requirements for property appraisals and acquisitions because it: (1) used multiple approaches to establish value ranges for the three mobile home parks included in our audit, (2) used multiple comparable replacements to value single family residences and tenant-owned mobile homes, and (3) obtained independent reviews of appraisals. Further, Seattle-Tacoma documented and justified supplemental housing payments based on comparable decent, safe, and sanitary housing available on the private market. We did not identify any questionable costs in Seattle-Tacoma claims for reimbursement.

Reno-Tahoe

Reno-Tahoe used multiple approaches to establish values for the three properties included in our audit. In addition, supplemental housing payments were based on comparable decent, safe, and sanitary housing available on the private market. However, contrary to Federal regulations, Reno-Tahoe did not: (1) obtain an

¹ The Port of Seattle, Washington, is the sponsor for Seattle-Tacoma International Airport. The Airport Authority of Washoe County, Nevada, is the sponsor for the Reno-Tahoe International Airport.

independent review appraisal for one of the properties, or (2) provide owners of this property with a written offer of just compensation. Also, claims for Federal reimbursement included minor amounts of ineligible title insurance and excess moving expenses. FAA's Airport District Office in Burlingame, California, agreed to recover these questioned costs and increase its review of grant files to ensure weaknesses involving appraisals and questioned costs do not recur.

FAA Financial Support for Relocating Historic Buildings at Reno-Tahoe Needs Reassessment

As part of FAA's noise compatibility program, Reno-Tahoe acquired the Steele-Nash Ranch in June 2003. This ranch, which includes a farmhouse and various other buildings, is located just north of Reno-Tahoe airport and is subject to high-levels of noise from departing and landing aircraft.² Prior to this acquisition, FAA and Reno-Tahoe entered into a memorandum of understanding to relocate then-perceived historic buildings on the Steele-Nash Ranch to another site. Based on preliminary estimates, the cost to acquire another site and relocate the buildings to it could reach \$2 million. Currently, the AIP grant used to acquire the ranch has \$1.6 million in unexpended funds, which could be used to acquire another site and relocate the buildings.

We questioned the property's historical significance and whether FAA and Reno-Tahoe should acquire another site and relocate the buildings there. The ranch's residence was altered greatly through both internal and external additions and modifications during the 1950s and 1960s. Vandals have stolen all of the fixtures considered historically significant, such as chandeliers and a fireplace mantel, from the vacant residence. In addition, the property no longer has most of its original buildings, such as the saddle shed and blacksmith shop.

Reno-Tahoe staff subsequently advised us that, in all likelihood, the buildings will not be relocated to another site. The buildings will probably be demolished, and the land will be cleared consistent with FAA runway protection zone requirements after FAA and Reno-Tahoe complete a cultural resource study to identify and record the site's historical significance. Reno-Tahoe estimates it will take about \$100,000 to demolish the buildings and clear the land, leaving \$1.5 million for other purposes.

² In a July 24, 2002 memorandum to Reno-Tahoe, FAA also noted the need to remove "...all structures and natural vegetation within the runway safety areas that extend throughout the Steele-Nash Ranch complex."

RECOMMENDATIONS

We recommend that FAA:

1. Promptly complete the cultural resource study of the Steele-Nash Ranch; use the results of this study to critically assess financial support for relocating buildings from the ranch; and if the assessment confirms our observations regarding the buildings, promptly close the grant and make the estimated \$1.5 million in unexpended funds available for other AIP projects.
2. Confirm recovery of questioned costs for ineligible title insurance and moving expenses at Reno-Tahoe.

ACTION REQUIRED

Staff in FAA's Office of Airport Planning and Programming and staff in FAA Airport District Offices responsible for the Seattle-Tacoma International Airport and the Reno-Tahoe International Airport agreed with our findings and recommendations. In accordance with Department of Transportation Order 8000.1C, we would appreciate receiving your written comments within 30 calendar days. If you concur with the findings and recommendations, please indicate the specific action taken or planned for each recommendation and the target date for completion. If you do not concur, please provide your rationale. You may provide alternative courses of action that you believe would resolve the issues presented in this report. We also request that you indicate your agreement or disagreement with the \$1.51 million in potential recoveries cited.

We appreciate the courtesies and cooperation afforded us by FAA representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1992 or Ms. Robin Hunt, Deputy Assistant Inspector General for Hazardous Materials, Security and Special Programs, at (415) 744-0420.

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cc: FAA Chief of Staff, AOA-2
Assistant Administrator for Financial Services, ABA-1
Anthony Williams, ABU-100
Martin Gertel, M-1

EXHIBIT. SCOPE AND METHODOLOGY

We interviewed staff and reviewed grant files and data bases, inspection records, and correspondence in FAA's Office of Airport Planning and Programming in Washington, DC, as well as FAA Airport District Offices in Seattle, Washington, and Burlingame, California. At offices of airport sponsors for the Seattle-Tacoma International Airport and the Reno-Tahoe International Airport, we reviewed documented controls and methods for assuring: (1) real property was appraised and acquired at fair market value; (2) payments for replacement housing were reasonable and limited to eligible persons; (3) payments for moving and related expenses were limited to actual, reasonable, and necessary expenses; and (4) sponsor files contained sufficient support to determine that claims for Federal reimbursement were limited to eligible costs. Further, we reviewed project files for selected properties, interviewed staff, reviewed property maps, and toured project sites.

Seattle-Tacoma received three AIP grants totaling \$9 million during fiscal years 2002 and 2003 to acquire three mobile home parks and relocate the residents. Together, the 3 parks included 8 acres of land, 33 mobile homes, and 3 single family residences owned by the parks and 78 mobile homes owned by tenants in the parks. We reviewed appraisal files for all of the three mobile home parks, one judgmentally selected single family residence, and one judgmentally selected tenant-owned mobile home. In addition, we reviewed judgmentally selected supplemental housing assistance payments for three tenants relocated to other housing.

Reno-Tahoe received six AIP grants totaling \$22.5 million during fiscal years 2000 through 2003. We limited our review to four grants (\$14.5 million) used to acquire six four-plex residences, nine duplex residences, and the Steele-Nash Ranch. We reviewed appraisal files for all of these acquisitions. In addition, we reviewed judgmentally selected supplemental housing payments for nine tenants displaced when Reno-Tahoe acquired the multi-family residences.

We performed the audit from October 2003 through January 2004 in accordance with the Government Auditing Standards prescribed by the Comptroller General of the United States.