



U.S. Department
of Transportation
**Federal Aviation
Administration**

Memorandum

Subject: INFORMATION: Revision to Guidance on
Review and Approval of Aviation Forecasts

Date: December 23, 2004

From: Director of Airport Planning and
Programming, APP-1

Reply to
Attn. of:

To: All Regional Airports Division Managers

Guidance on the review and approval of aviation forecasts was previously transmitted to the Regions in a memorandum dated May 31, 2002. Since that time, questions have arisen concerning the consistency of sponsor (local) forecasts with the TAF beyond the initial five-year timeframe. The need to be consistent over a longer forecast period primarily occurs when local forecasts are used in a NEPA document or in a benefit/cost analysis (BCA). The local forecasts should consider trends at an airport and in the surrounding community, so they can effectively be used in all subsequent planning and environmental efforts for the facility.

Updated Guidance:

To further clarify the guidance, the policy now is expanded to require that sponsor forecasts be within 15 percent of the TAF in the 10-year forecast period. This new requirement is included in the attached guidance, which updates the May 31, 2002 memo. This guidance should be used as the forecast approval criteria to determine the consistency of the local forecast with the TAF. These criteria should be evaluated during the Regional review of the aviation forecasts found in an airport master plan.

Airports Division Offices should continue to review a sponsor's forecast to ensure it is realistic, supported by information in the study, and provides adequate justification for the airport planning and development being recommended. A forecast that is either too high or too low can jeopardize a project by affecting environmental and funding decisions. Where forecasts for complex projects at large air carrier airports have the potential for environmental controversy or BCA concerns, the methodology should be forwarded to APP-400 for review, even if the resulting forecast is within 10 percent of the TAF in the 5-year time period and 15 percent in the 10-year time period.

Forecast Review Process:

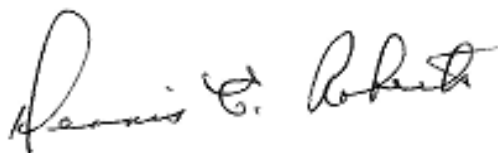
If the local forecast is not consistent with the TAF based on the attached criteria, then differences must be resolved before proceeding. Inconsistencies should be worked out at the local level to the greatest extent possible before seeking APP-400 participation. If it cannot be resolved locally, a request for assistance should be sent to APP-400, including a package containing the information necessary so that a thorough review can be done. The forecast package should include sufficient data so that the following can be evaluated for the airport:

- Appendix B and Appendix C templates in “Forecasting Aviation Activity by Airport” (see below)
- enplanements, operations, and based aircraft data (recent historic baseline and trends)
- forecast assumptions (load factors, average seats per aircraft, general aviation operations per based aircraft)
- methodology (regression analysis, trend analysis, other)
- comparison with Terminal Area Forecast (levels and growth rates)

APP-400 will review and comment on the proposed forecasts and, if deemed necessary, request APO-110 input. APO-110 will review master plan forecasts within 45 days of receipt. (Requests for forecast review should not be sent directly from the Region to APO-110 as they will be returned.) APP-400 will consolidate the comments on the local forecasts and provide recommendations to the Region for inclusion in their response to the airport sponsor.

Reference Materials:

The FAA, through APO-110, issued a report in July 2001 entitled, “Forecasting Aviation Activity By Airport,” which contains guidelines and methodologies to help airport sponsors develop forecasts. This report can be found on APO’s website at <http://api.hq.faa.gov/pubs.asp>. In addition, APO-110 has written the attached guidance to help develop short-term aviation forecasts. Following these recommended techniques will ease the resolution of conflicts over forecasts and will help expedite the resolution of inconsistency with the TAF. It will also lead to reliable forecasts for use in assessing environmental impacts, and supporting BCA and funding decisions.



Dennis E. Roberts

Attachments

Forecast Approval Criteria

Locally developed forecasts for operations, based aircraft, and enplanements are considered consistent with FAA's Terminal Area Forecasts (TAF) if they meet the following criteria:

Large, Medium, and Small Hub Airports:

1. Forecast differs by less than 10 percent in the 5-year forecast period and 15 percent in the 10-year period, or
2. Forecast activity levels do not affect the timing or scale of an airport project.

Other Commercial Service Airports:

1. Forecast differs by less than 10 percent in the 5-year forecast period and 15 percent in the 10-year period, or
2. Forecast activity levels do not affect the timing or scale of an airport project, or
3. Forecast activity levels do not affect the role of the airport as defined in FAA Order 5090.3C, Field Formulation of the National Plan of Integrated Airport Systems.

General Aviation and Reliever Airports:

Where the 5 or 10-year forecast exceeds 100,000 total annual operations or 100 based aircraft -

1. Forecast differs by less than 10 percent in the 5-year forecast period and 15 percent in the 10-year period, or
2. Forecast activity levels do not affect the timing or scale of an airport project, or
3. Forecast activity levels do not affect the role of the airport as defined in FAA Order 5090.3C, Field Formulation of the National Plan of Integrated Airport Systems.

Where the 5 or 10-year forecast does not exceed 100,000 total annual operations or 100 based aircraft, then it does not need headquarters review, and should be provided for use in the annual update of the TAF. APO-110 may require additional information if the forecast exceeds normal expectations without adequate justification.

APO-110 Guidance on Short-term Aviation Forecasting
October 3, 2003

It is important that airport forecasts of aviation activity be realistic so that informed decisions can be made for funding purposes. As a result of recent economic and structural changes in the aviation industry, increased attention must be placed on establishing an up-to-date baseline and estimating accurate short-term forecasts (i.e., next two years). Inaccurate baseline estimates and short-term forecasts will result in inaccurate long-term airport projections.

Forecasters should refer to the guidance “Forecasting Aviation Activity by Airport” which is available on the APO home page at http://api.hq.faa.gov/apo_home.asp. In addition, the following guidelines should be followed in developing short-term forecasts and updating previously developed forecasts. (Guidelines 2 and 3 apply only to airports with commercial services.)

1. Use latest available historic data to establish baseline

Obtain the latest available historic aviation data. All sources including the DOT and airport data should be considered. For nontowered airports without commercial service, alternative sources of information on operations including adequate traffic survey counts should be used. For airports with commercial service, data should be collected on enplanements, operations, average seats per aircraft, and load factors.

2. Assess near-term plans of the airlines serving the airport

Consider all information that is known regarding conditions at the airport and the airlines serving the airport. Assess whether any airlines may begin or terminate service at the airport. Obtain projected schedules of the airlines. This will provide an indication of the number of departures and average seats per aircraft for the next three to six months.

3. Use historic seasonality patterns to extrapolate the next two years

The near-term estimate for departures and enplanements per departure can be extrapolated using historic seasonality (i.e., month over month, quarter over quarter) trends. The average seats per aircraft should be projected based on future schedules; information about the fleets of the airlines serving the airport, including announced orders and/or options for new aircraft should be considered. Enplanements projections can be derived by multiplying projected departures by projected enplanements per departure. Load factors should be calculated as a means to assess reasonableness of the projections.

4. Document forecast methodology

Provide complete documentation of the forecast methodology. This should include all assumptions, data, and forecast results. The document should explain how the results were derived.

5. Compare airport forecasts with the TAF

Compare the airport forecasts with the TAF. When there are significant differences the FAA ADO should be notified. These differences should be reconciled following FAA policy.