



U.S. Department  
of Transportation

**Federal Aviation  
Administration**

# Memorandum

Subject: **ACTION:** Program Guidance Letter 04-1

Date: January 5, 2004

From: Manager, Airports Financial Assistance  
Division, APP-500

Reply to  
Attn. of:

To: PGL Distribution List

04-1.1 Reauthorization of AIP Through Fiscal Year 2007 – Jim Borsari  
(202) 267-8822.

On December 12, 2004, the President signed into law the Vision 100 - Century of Flight Authorization Act of 2003, Public Law 108-176. For the purposes of this program guidance letter and subsequent letters, it will be referred to as Vision 100. Further, since Vision 100 generally amended Title 49, United States Code, it should be assumed that references to existing law refers to that title of the U.S. Code unless a more specific reference is given.

Under the reauthorization, AIP has been extended to September 30, 2007. The funding levels for AIP have been set as follows:

FY 2004	\$3.4 Billion
FY 2005	\$3.5 Billion
FY 2006	\$3.6 Billion
FY 2007	\$3.7 Billion

04-1.2. Terminal Modification Projects to Install Explosive Detection Systems -  
Kendall Ball (202) 267-7436.

The Aviation and Transportation Security Act made the replacement of baggage conveyor systems, and reconfiguration of terminal baggage areas AIP eligible as airport development. These items were already PFC eligible as “gates and related areas” under section 40117. Since the passage of ATSA, projects have been funded with either entitlement funding or discretionary funding. Section 142 of Vision 100 limits funding to entitlement funding. Therefore, discretionary funds may no longer be used for this development.

(Note: The proposed FY 2004 DOT Appropriations Act contains a prohibition on using AIP for any baggage system modification, terminal building or other modification in order to install bulk EDS equipment during this fiscal year.

Regions should contact APP-520 regarding any of these projects during FY 2004.)

#### 04-1.3 Added Pavement Maintenance – Mark Beisse (202) 267-8826.

Section 141 of Vision 100 amends section 47102(3)(H) to expand eligibility of pavement maintenance projects.

The added pavement maintenance eligibility is for nonhub airports. This maintenance provision originated with airfield pavements at nonprimary airports in the year 2000 as described in Program Guidance Letter 00-2.3.

We will revise paragraph 520f of the AIP handbook in the future to make the change and requirements of that paragraph apply to the added airports.

#### 04-1.4 Increase in Federal Share – Jim Borsari (202) 267-8822.

Vision 100 provides two new provisions that increase the Federal share for certain airports.

**(a) Temporary Increase.** Section 161 gives a temporary increase (FY 2004 - 2007) for small hub airports and smaller. Sections 47109(a)(2) and (3) identify a Federal share of 90 percent. This new section temporarily increases the percentage to 95 percent, including flexibility to fund individual airport projects under a State block grant using “up to 95 percent” based on section 47109(a)(2).

**(b) Permanent Change.** Section 162 provides a permanent adjustment in Federal share for small hubs and smaller in states that have more than 5 percent of its land owned by the Federal government as unreserved and unappropriated public lands or that are nontaxable Indian lands (individual or tribal.) Although a number of states currently enjoy this special adjustment, this change would permit states that formerly were in this category (prior to the increase from 80 percent to 90 percent under AIP) to be readjusted up to a maximum of 93.75 percent. The section permits the increase based upon the same ratio that these airports enjoyed in 1979 when the standard Federal share was 80 percent. However, due to the temporary increase in the previous paragraph, this provision will not have an effect until FY 2008. Appendix 23 of Order 5100.38B will be adjusted to reflect this change for use in FY 2008 and beyond. Also, regions that have airports listed on Appendix 23 should use the temporary increase to 95 percent in lieu of the percentage listed in the appendix for airports that are small hub and smaller.

#### 04-1.5 In-Kind Federal Facilities Relocation – Mark Beisse (202) 267-8826.

Section 145 of Vision 100 amends section 47110(b)(1), by identifying as an allowable cost, the costs of moving a Federal facility impeding an AIP project. Under the provision, the facilities must be of an equivalent size and type.

The provision effectively expands the current eligibility for moving air traffic control towers and navigation aids to include any other Federally owned facility such as military facilities, etc. The costs of moving a Federal facility for a project funded by a grant or with the PFC program will now be eligible provided the rebuilt facility is equivalent. Paragraph 593b of the AIP handbook already addressed the requirement that the rebuilt facility be equivalent. We will change paragraph 593b and cross-references in paragraph 311k to reflect this expanded eligibility.

Equivalent capability of the buildings, pavements, and facilities may require different features than the existing structures depending on the proposed location. However, the allowable costs will cover in-kind move or replacement rather than an upgrade and rebuilding with current technology. Prorating eligible costs may be necessary, although excluding ineligible work from AIP projects is desirable.

#### 04-1.6 Innovative Finance Extension – Mark Beisse (202) 267-8826.

Section 156 of Vision 100 extends the innovative finance demonstration program under section 47135. We may undertake another 20 development projects during the next 4 years at small hub and smaller airports.

We selected the last innovative finance projects during FY 2002 under Program Guidance Letter 01-4.1. The memorandum dated November 5, 2002, did not result in FY 2003 selections. The attachment to the memo has the history and features of the innovative projects.

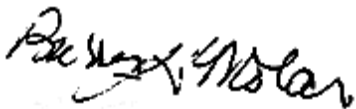
The procedure for FY 2004 is the same as outlined in PGL 01-4.1 except that we set no deadline. The new proposals should focus on carrying out adequately justified projects quickly to save project cost. The statutory provision continues the previously defined techniques.

However, we encourage you to limit proposals to 49 USC 47135(c)(2)(A) and (B), which provide for payment of interest or costs of credit enhancements, including bond insurance. We expect to approve projects that show how to make progress in financing smaller airports though borrowing when that is suitable. If special circumstances exist for use of the other permitted methods, please contact APP-520.

Please send proposals to APP-500 when you have a recommendation. Regions and ADOs must not disclose recommendations to candidates until a notice of selection.

04-1.7 Elimination of Duplicative Environmental Requirements- Kendall Ball (202)  
267-7436

Section 305 of Vision 100 amended Section 47106(c)(1)(B) to eliminate the requirement for the chief executive of the State in which the project will be located to certify in writing that the project will be located, designed, constructed, and operated in compliance with applicable air and water quality standards. This is commonly referred to as "The Governor's Certificate". This requirement is somewhat duplicative of requirements in the Clean Air and Clean Water Acts. The old grant requirement to assure such compliance for the project has not been eliminated.

A handwritten signature in black ink, appearing to read "Barry L. Molar". The signature is written in a cursive, somewhat stylized font.

Barry L. Molar