



Federal Aviation Administration

Memorandum

Date: MAR 31 2006

To: All Regional Airports Division Managers

From: *Jamie E. Roberts*
Director, Office of Airport Planning and Programming, APP-1

Prepared by: Pat Sullivan, Program Analyst, National Planning Division, APP-400,
(202) 267-3707

Subject: Planning Information Needed for FAA Headquarters Review of Benefit Cost
Analysis (BCA)

Attached is guidance on planning information needed for FAA headquarters review of BCA. The guidance applies to BCA prepared for AIP discretionary grant and LOI purposes. It is intended for FAA regional Airport division and airport district office use in ensuring that a BCA is complete before sending it for headquarters review.

Attachment

Planning Information Needed for FAA Headquarters Review of Benefit Cost Analysis (BCA)

PURPOSE

This guidance identifies airport planning information required by FAA Headquarters (HQ) for its review of BCA prepared for AIP discretionary grant and LOI purposes. Review offices in HQ include the Office of Aviation Policy and Plans (APO-200 and APO-110) and the Office of Planning and Programming (APP-500 and APP-400). Regional Airports divisions (RO) should transmit the planning information with the BCA document to be reviewed.

“FAA Airport Benefit-Cost Analysis Guidance,” dated December 15, 1999, describes the information and analysis to be contained in a BCA. It is primarily for airport sponsors and consultants. In contrast, the guidance contained in this paper is primarily for FAA RO and Airport District Offices (ADO). The RO and ADO should use this guidance in ensuring that a sponsor’s BCA is complete by assuring that all items in the bulleted list are provided. It is also critical that FAA reviewers understand and concur in the underlying planning assumptions and analyses of the BCA. Thoughtful RO and ADO comments on the BCA are important considerations in FAA headquarters review.

BACKGROUND

A BCA is an investment screening and criteria tool intended to help FAA identify whether a project warrants a substantial investment of discretionary Federal funding and, in some cases, the level of funding. FAA review will determine if the BCA is reasonably conducted and in accordance with “FAA Airport Benefit-Cost Analysis Guidance,” dated December 15, 1999. FAA HQ review does not convey approval of the project’s AIP eligibility nor does it confirm that the project is justified for financial support. RO and Airport District Offices (ADO) determine AIP eligibility and justification separately from the BCA.

HQ review and comment on a BCA does not convey approval of a specific alternative(s) because other studies, including airspace and environmental, require thorough analysis of alternatives beyond questions of cost and benefit. EAs or EISs include alternatives that are reasonable, feasible, and meet the stated planning need. Those documents also provide detailed evaluations of each alternative’s potential environmental impacts. The RO/ADO should ensure that:

- 1) the data and analysis used for the BCA are consistent with data and analysis of earlier planning and environmental studies for the project; or
- 2) in cases of different data or analysis, it is demonstrated through sensitivity analyses, that use of those data or analysis does not change planning, environmental and financial conclusions.

RO/ADO personnel should confirm that the planning is consistent with a current ALP (see paragraph 428d, FAA Order 5100.38B) and master plan.

RO/ADO should conduct airspace reviews (NRA) to ensure that the project and alternatives have aeronautical utility and can be operated safely.

PLANNING INFORMATION NEEDED FOR HQ BCA REVIEW

Ideally, the benefit cost study is self-contained. If this is not practical, then providing the following types of information should allow for a timely and thorough FAA review.

- Forecasts used for the BCA, including critical (design) aircraft and aircraft stage length used to determine facility requirements for the master plan.
- FAA forecast approval letter
- Explanation if FAA approved local forecast differs from the forecast used in the BCA
- Explanation if the forecast used in the BCA is not consistent (i.e. 10% in 5 years, 15% in 10 years) with the latest published TAF¹
- Project justification, including the following, as applicable:
 - Airline/user support letters or contracts for new air service (by aircraft type), based aircraft or change in facility use (i.e. new flight school). The support letter should specify the following and be signed by persons in a position to authorize such operations:
 - current constraints placed on a potential user (payload/stage length);
 - projected number of annual operations by specific aircraft if project is built;
 - stage length of projected operations;
 - date service is expected to start;
 - airfield and landside facilities needed to meet the anticipated activity level, including runway length and approach minima.
 - Special planning studies done for the project or development program;
 - Engineering studies (i.e. pavement evaluations);
 - Summary of airfield modeling results
- Benefit cost spreadsheets in standard software format (i.e. Excel)

The following information should also be provided:

- RO/ADO comments on the appropriateness of the design aircraft
- RO/ADO comments on construction costs, schedules and methods. APP-500 to provide separate guidance on independent review of construction estimates.

¹ The airport sponsor may be required to conduct a sensitivity analysis if the forecasts used in the BCA are inconsistent with FAA's latest published TAF.

- RO/ADO comments on any alternative analysis. This includes consistency with the ALP and master plan and reasonableness from a safety and utility standpoint.
- RO/ADO comment on the underlying planning assumptions (i.e. aircraft type and levels, local economic conditions, past and future growth) that suggest the stated benefits. Benefits may include improved air services arising from more direct air service to market or improved reliability and aircraft operating economics.

For capacity projects that also correct existing non-standard conditions, RO/ADO should work with the sponsor to document the capital costs necessary to address these non-standard conditions. These capital costs should be included in the base case and not included in the project's capacity costs or benefits.