



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

ORDER
5100.38C

Effective Date:
June 28, 2005

SUBJ: Airport Improvement Program Handbook

- 1. PURPOSE.** This Order provides guidance and sets forth policy and procedures to be used in the administration of the Airport Improvement Program. Several FAA Orders and Advisory Circulars are referred to in this directive. The references appear as the basic publication number without any suffix. However, the latest issuance of the publication should be used as the reference.
- 2. DISTRIBUTION.** This Order is distributed electronically to all addresses of the ZRP-510 special distribution list and to all Airports District Offices.
- 3. CANCELLATION AND EXPLANATION OF CHANGES.** Order 5100-38B, Airport Improvement Program Handbook, dated May 31, 2002, and Change 1, dated January 8, 2004, are cancelled. In addition, Order 5100-38B, Change 2 dated May 16, 2005 replaced in its entirety. Except for an updated cover, Order 5100-38C is identical to the Change 2, which both include new policy changes within Vision 100 – Century of Flight Authorization Act of 2003, Public Law 108-176.
- 4. FORMS AND REPORTS.** Virtually all forms and reports are generated by the Airport Improvement Program grants management system. Eventually, all forms will be automated as we move to e-commerce. Most of the forms depicted in the Appendices are in digital format and can be completed in a word processing program. Hard copies of many of the forms will continue to be available as long as needed. When we transition to electronic processing of the grant program, all forms will be available on the web and will be available for sponsors to complete and submit online.

Dennis E. Roberts
Director, Airport Planning
and Programming

Distribution: Electronically to ZRP-510: A-FAS-1 (MAX)

Initiated By: APP-520

FOREWORD

1. **PURPOSE.** This Order provides guidance and sets forth policy and procedures to be used in the administration of the Airport Improvement Program. Several FAA Orders and Advisory Circulars are referred to in this directive. The references appear as the basic publication number without any suffix. However, the latest issuance of the publication should be used as the reference.
2. **DISTRIBUTION.** This Order is distributed electronically to all addressees of the ZRP-510 special distribution list and to all Airports District Offices.
3. **CANCELLATION AND EXPLANATION OF CHANGES.** Order 5100.38B, Airport Improvement Program Handbook, dated May 31, 2002, and Change 1, dated January 8, 2004, are cancelled. In addition, Order 5100.38B, Change 2 dated May 16, 2005 is replaced in its entirety. Except for an updated cover, Order 5100.38C is identical to the Change 2, which both include new policy changes within Vision 100 - Century of Flight Authorization Act of 2003, Public Law 108-176.
4. **FORMS AND REPORTS.** Virtually all forms and reports are generated by the Airport Improvement Program grants management system. Eventually, all forms will be automated as we move to e-commerce. Most of the forms depicted in the Appendices are in digital format and can be completed in a word processing program. Hard copies of many of the forms will continue to be available as long as needed. When we transition to electronic processing of the grant program, all forms will be available on the web and will be available for sponsors to complete and submit online.

Dennis E. Roberts
Director, Airport Planning
and Programming

This page left intentionally blank.

Table of Contents

Chapter 1. Introduction	1
Section 1. General	1
1. Purpose.....	1
2. Authorizing Legislation.....	1
3. Policy.....	1
4. Application of Policy and Guidance Principles.....	2
5. Waivers.....	3
6. Handbook Format.....	3
7. - 19. Reserved.....	3
Section 2. Title 49 United States Code	3
20. Grant Authority.....	3
21. Revenue Sources.....	3
22. AIP Authorized Funding Levels.....	4
23. Types of Airports and Airport Activities.....	4
24. Changes in Airport Classification.....	8
25. Distribution of Funds.....	8
26. Federal Share of Project Costs.....	12
27. Maximum Allowable Grant Increases.....	14
28. - 29. Reserved.....	14
Section 3. Overview of the Grant Process and Program Funding	15
30. The Grant Process.....	15
31. Restrictions on Lobbying and Influencing Federal Employees.....	15
32. Limitations on Regional Airports Division Authority.....	15
33. The AIP Funding Process.....	16
34. Project Approval and Congressional Notification.....	17
35. Office of Management and Budget (OMB) Circular A-102.....	17
36. Mandatory Standards.....	19
37. Use or Transfer of Entitlement Funds.....	19
38. State Block Grant Program.....	20
39. Letters of Intent.....	20
40. Military Airport Program.....	20
41. Other Federal Assistance.....	20
42. Financial Statements.....	20
43. Change in the AIP Processes.....	20
44. - 199. Reserved.....	20
Chapter 2. Sponsor Eligibility	21
200. General.....	21
201. Legal and Financial Responsibility.....	21
202. Co-Sponsor.....	21
203. Agents.....	22
204. Planning Agencies.....	22
205. Designation of Eligible Planning Agencies.....	22
206. Public Agencies Owning Airports.....	23
207. Public Agencies not Owning Airports.....	23
208. Private Airport Owners.....	23
209. State Sponsorship of Airport Projects.....	24
210. Other Sponsor Eligibility.....	25
211. - 299. Reserved.....	25

Chapter 3. Project Eligibility, Allowable Costs, Priority, and Donations	27
Section 1. Project Eligibility	27
300. General Project Eligibility Requirements	27
301. Prohibitions	27
302. Environmental Requirements	28
303. Off Airport Work.	28
304. Works of Art	29
305. Relocation or Modification of FAA Facilities.	29
306. Pavement Evaluations.	30
307. Equipment Procurement under Planning Grants.....	32
308. - 309. Reserved.....	32
Section 2. Allowable/Nonallowable Costs	32
310. Allowable Project Costs.	32
311. Nonallowable Project Costs.	35
312. - 319. Reserved.....	37
Section 3. Priority System	37
320. National Priority System.....	37
321. - 349. Reserved.....	37
Section 4. Donations, Contributions, and Loans	37
350. General.	37
351. Land Donated to Sponsors.....	37
352. Labor, Material, Equipment, and Services Donated to Sponsors.	39
353. Treatment of Donation Credits in the Grant Agreement.	39
354. - 399. Reserved.....	40
Chapter 4. Planning Projects	41
Section 1. Planning Project Scope and Eligibility	41
400. The Planning Process.	41
401. Eligible Planning Projects.....	42
402. The Airport Capital Improvement Plan (ACIP).....	43
403. Planning Work Scope Requirements.	43
404. Eligible Study Elements and Activities.	45
405. System Planning Elements.	46
406. Master Planning Elements.	48
407. - 409. Reserved.....	51
Section 2. Planning Project Application	51
410. General.	51
411. Pre-Planning Conference.	51
412. Preparation of Application.	52
413. Review and Approval of Application.....	53
414. - 419. Reserved.....	54
Section 3. Planning Project Accomplishment	54
420. Consultant Contracts.....	54
421. FAA Role in Consultant Selection.	54
422. Contract Review and Approval.....	54
423. Procurement Deficiencies.	54
424. Purchase of Equipment.....	55
425. Project Monitoring, Coordination, and Reports.....	55
426. Suspension and Termination.....	56
427. Final Planning Reports.....	56
428. FAA Approval Actions.	56
429. FAA Acceptance of Projects.....	59

430. Audits.....	59
431. - 499. Reserved.....	59
Chapter 5. Airfield Construction and Equipment Projects	61
Section 1. General Eligibility and Project Requirements	61
500. Project Eligibility.....	61
501. Reconstruction Versus Maintenance.....	61
502. National Airspace System Requirements.....	62
503. Transition to Satellite Navigation.....	63
504. Innovative Technology and Finance.....	63
505. Airfield Project Justification.....	64
506. Project Standards and Design.....	64
507. Commissioning and Decommissioning Airfield Facility.....	65
508. Life-Cycle Airport Costs.....	65
509. Reserved.....	65
Section 2. Site Preparation	66
510. General.....	66
511. Existing Facility Improvements.....	66
512. New Airport, Major Runway Projects, and Military Airport Conversions.....	66
513. Safety Areas.....	66
514. Site Preparation for F&E Installations.....	67
515. Utilities and Fuel Farms.....	67
516. Proration of Site Preparation Work.....	68
517. - 519. Reserved.....	68
Section 3. Management of Airfield Paving Projects	68
520. General.....	68
521. Runways.....	70
522. Helicopter and Tilt-Rotor Facilities.....	70
523. Ultralight Facilities.....	70
524. Seaplane Bases.....	70
525. Taxiways.....	71
526. Apron Areas and Related Facilities.....	71
527. Airfield Service Roads.....	72
528. - 529. Reserved.....	72
Section 4. Airfield Lighting and Surface Movement	72
530. General.....	72
531. Airfield Marking and Remarkings.....	73
532. Airfield Signage.....	75
533. Installation and Alteration of Airfield Lighting.....	75
534. Runway, Heliport, and Vertiport Lighting.....	75
535. Taxiway and Apron Lighting.....	76
536. Surface Movement Guidance and Control System.....	77
537. Other Airfield Lighting and Marking.....	77
538. Electrical Power.....	78
539. Reserved.....	79
Section 5. Safety, Security, and Related Projects	79
540. Federal Aviation Regulation Part 139 and Title 49 CFR, Part 1542.....	79
541. Safety Equipment.....	79
542. Security Projects.....	81
543. Snow and Ice Control Equipment.....	83
544. Aircraft Ground Deicing and Anti-Icing Equipment.....	83
545. Friction Measuring Devices.....	83
546. Training Systems.....	84

547. Safety, Security, and Related Facilities.....	84
548. - 549. Reserved.....	87
Section 6. Airport and Terminal Area Navigation Aid Facilities	87
550. General.....	87
551. FAR Part 171.....	87
552. Simplification of Non-Federal Navigation Aid Projects.....	87
553. Supporting Agreements to Implement NAVAID Projects.....	89
554. Airport Approach and Landing Systems.....	89
555. Airport Navigation Aid Equipment.....	90
556. Airport Approach Lighting Systems.....	91
557. Terminal NAVAID Facilities.....	92
558. Special Condition.....	94
559. Reserved.....	94
Section 7. Communications, Surveillance, and Air Traffic Control	94
560. General.....	94
561. Communications Equipment.....	94
562. Radar.....	95
563. Airport Traffic Control Towers.....	95
564. - 569. Reserved.....	96
Section 8. Aviation Weather Equipment	96
570. General.....	96
571. Wind Indicators and Recording Anemometers.....	97
572. Automated Weather Observing System (AWOS).....	97
573. Low-Level Wind-Shear Alert System (LLWAS).....	98
574. Runway Visual Range (RVR).....	98
575. - 579. Reserved.....	98
Section 9. Aviation Hazards and Environmental Mitigation	98
580. General.....	98
581. Objects in Runway Protection Zone.....	99
582. Airport Hazards.....	99
583. Hazardous Waste.....	99
584. Wildlife Hazards.....	100
585. Low Emission Systems and Other Air Quality Projects.....	100
586. Wetlands.....	101
587. Water Quality Projects.....	102
588. - 589. Reserved.....	102
Section 10. Miscellaneous	102
590. Blast Fences.....	102
591. Equipment Lease, Repair, Modification, and Disposal.....	103
592. Landscaping and Turf.....	103
593. Purchase, Relocation, or Demolition of Ineligible Facilities.....	103
594. Replacement Facilities.....	105
595. Construction Project Signs.....	105
596. - 599. Reserved.....	105
Chapter 6. Terminals, Landside, and Terminal Access Projects	107
Section 1. Terminal Development	107
600. General Eligibility.....	107
601. Terminal Development.....	107
602. Terminal Security Projects.....	108
603. Other Eligible Terminal Development.....	110
604. Expanded Terminal Eligibility and Parking Lots.....	110

605. Americans with Disabilities Act of 1990 (ADA) 111

606. Expanded Eligibility under the Military Airport Program (MAP). 111

607. Energy Assessment. 112

608. Value Engineering. 112

609. Utilities. 112

610. Relocation of Air Traffic Control Towers and Navigational Aids. 112

611. Eligibility Limitations. 113

612. Multimodal Terminal Buildings. 116

613. Proration of Terminal Building Work..... 116

614. Terminal Development Bond Retirement. 117

615. - 619. Reserved..... 117

Section 2. Terminal Access **117**

620. Access Road Eligibility. 117

621. Walkways. 118

622. On Airport Rapid Transit Systems..... 119

623. - 629. Reserved..... 119

Section 3. Other Terminal Landside Construction. **119**

630. General. 119

631. Establishment of Structures on Federally Obligated Paved Areas..... 119

632. - 639. Reserved..... 120

Section 4. AIP/PFC Program Disparities **120**

640. General. 120

641. - 699. Reserved..... 120

Chapter 7. Land Acquisition Projects **121**

Section 1. Land Acquisition **121**

700. General. 121

701. Land Acquisition for Current Airport Development. 122

702. Treatment of Unneeded Real Property. 123

703. Retention of Excess Land for Noise Purposes. 123

704. Relocation and Real Property Acquisition Assurances. 123

705. Land Acquisition for Future Airport Development..... 123

706. Land Acquisition for Noise Compatibility. 124

707. Acquisition of a Private Airport by a Public Sponsor. 125

708. Land Acquisition at a Privately-Owned Public Use Airport 125

709. Land Acquisition from a State/Local Public Agency. 126

Section 2. Title and Property Interest **126**

710. Title Requirement. 126

711. Title for Landing and Building Areas. 126

712. Title for Off-Airport Areas. 126

713. Determination of Adequate Title..... 127

714. Title Requirement prior to Notice to Proceed. 127

715. - 719. Reserved..... 127

Section 3. Land Costs **127**

720. General. 127

721. Relocation Cost..... 127

722. Reimbursement for Land Previously Acquired. 128

723. Land Acquired through Condemnation..... 130

724. Land Exchange. 130

725. Land Leases..... 130

726. Nonallowable Land Costs. 130

727. - 729. Reserved..... 130

Section 4. Disposal of Unneeded Land	130
730. Disposal of Land.	130
731. Uses of Airport Revenue.	131
732. - 799. Reserved.....	131
Chapter 8. Noise Compatibility Projects	133
Section 1. General	133
800. General.	133
801. Project Eligibility.	133
802. Sponsor Eligibility.....	134
803. Cosponsor.....	134
804. Applicability of the Airport and Airway Improvement Act (AAIA) Provisions.	134
805. Environmental Considerations.	134
806. Agreements for Noise Compatibility Projects on Public Property not Owned by the Sponsor.	134
807. Projects on Privately Owned Property - Condition in Grant Agreement.	136
808. Easement in Conjunction with Soundproofing.....	136
809. Revenue from Noise Compatibility Projects.	136
Section 2. Noise Compatibility Projects	136
810. General.	136
811. Acquisition of Land or Interests in Land for Noise Compatibility.....	137
812. Noise Insulation Projects.....	140
813. Noise Monitoring Equipment/Systems.	142
814. Noise Barriers.	143
815. Miscellaneous Noise Compatibility Projects.	144
816. Allowable Project Costs.	145
817. - 819. Reserved.....	145
Section 3. Use of Proceeds from Sale of Noise Compatibility Land	145
820. Disposal Requirement.	145
821. Use of Funds.....	145
822. Evaluating Reinvestment Proposals.....	145
823. Requirements For Reinvestment.....	145
824. Conversion to Airport Development Land.	146
825. - 899. Reserved.....	146
Chapter 9. Procurement and Contract Requirements	147
Section 1. Procurement	147
900. General.	147
901. Review of Proposed Procurements.....	147
902. FAA Review of Contract Documents.....	148
903. Competition in Procurements.....	149
904. Procurement Methods.....	149
905. Procurement of Equipment.....	151
906. Price or Cost Analysis.	153
907. Professional Service Retainers.	153
908. Procurement of Engineering, Architectural, and other Professional Services for Several Projects.....	154
909. Solicitations Containing both Eligible and Ineligible Work.	154
910. Life Cycle Costs in Competitive Sealed Bids.....	155
911. Bonding.....	156
912. Award to Other than Apparent Low Bidder.....	156
913. Alternate Bids.....	157
914. Bid Protests.....	157
915. Specific Situations.....	158

916. - 919. Reserved.....	159
Section 2. Traditional Contracts	159
920. General.	159
921. Nonallowable Practices.....	159
922. Required Federal Provisions.....	160
923. - 929. Reserved.....	162
Section 3. Alternative Delivery Methods	162
930. General.	162
931. Design Build.....	163
932. - 939. Reserved.....	165
Section 4. Change Orders and Supplemental Agreements	165
940. Change Orders and Supplemental Agreements.....	165
941. - 949. Reserved.....	165
Section 5. Suspension and Debarment	165
950. General.	165
951. Applicability of Title 49 CFR, Part 29.....	165
952. Nonprocurement List.....	166
953. Designations.	166
954. Procedures for Suspension and Debarment.	166
955. - 999. Reserved.....	166
Chapter 10. Project Formulation, Requests for Aid, and Letters of Intent	167
Section 1. Project Formulation	167
1000. General.	167
1001. Project File.....	167
1002. Project Engineering.....	167
1003. Contract Engineering Services.....	167
1004. Force Account Engineering Services.....	168
1005. Coordination and Approval of Plans and Specifications.....	168
1006. Intergovernmental Project Review.....	169
1007. Public Hearing.....	170
1008. ALP Review.....	171
1009. Value Engineering (VE).....	171
Section 2. Requests for Aid	172
1010. General.	172
1011. Supporting Documents.....	172
1012. Timing of Submission.....	173
1013. - 1019. Reserved.....	173
Section 3. Sponsor Certification	173
1020. General Certification Requirements.....	173
1021. Relation of Assurances and Certification.....	173
1022. Required Sponsor Certification Forms.....	174
1023. Timing of Sponsor Certification Process.....	175
1024. Sponsor Certification Forms and Procedures.....	175
1025. Areas with Standard Forms.....	176
1026. Areas Excluded from Routine Certification Forms.....	176
1027. False and Inaccurate Certifications.....	176
1028. - 1029. Reserved.....	177
Section 4. CIP and Application Review and Evaluation	177
1030. General.	177
1031. Project Evaluation Report and Development Analysis.....	177

1032. - 1039. Reserved.....	180
Section 5. Project Approval/Disapproval and Allocation	180
1040. Project Approval.....	180
1041. Notice of Disapproval or Deferral.....	180
1042. Washington Coordination.....	180
1043. Notice of Allocation.....	181
1044. Schedule for Sponsor Development of the Project.....	181
1045. - 1049. Reserved.....	183
Section 6. Application Review and Approval	183
1050. General.....	183
1051. Project Summary.....	183
1052. Determination of Reasonableness of Costs.....	183
1053. Review for Bid Improprieties.....	184
1054. - 1059. Reserved.....	184
Section 7. Modification of Approved Programs	184
1060. Program Changes.....	184
1061. Procedures.....	184
1062. Announcement of Changes to Approved Program.....	185
1063. - 1069. Reserved.....	185
Section 8. Letters of Intent	185
1070. General.....	185
1071. Eligibility.....	185
1072. Factors in Considering LOIs:.....	185
1073. Issuance of LOI.....	186
1074. Procedures.....	187
1075. LOI Funds Allocation.....	189
1076. Post-LOI Actions.....	189
1077. LOI Grant Application and Offer.....	189
1078. Administration of Letters of Intent.....	190
1079. Amendments to Letters of Intent.....	190
1080. Additional Letter of Intent.....	190
1081. - 1089. Reserved.....	190
Section 9. Block Grant Procedures	190
1090. General.....	190
1091. Calculating Amounts for Grant Agreements.....	191
1092. Maximum State Flexibility.....	192
1093. Airport Eligibility and Allowable Cost.....	193
1094. Accomplishment of Airport Projects.....	194
1095. Standard Assurances and Regional Agreements.....	195
1096. Authorities Retained by FAA.....	196
1097. Reporting and FAA Regulatory Oversight.....	197
1098. Suspension of Block Grant.....	198
1099. Termination of State Block Grant or Program.....	198
Chapter 11. Grant Offer, Agreement, and Amendment	200
Section 1. Grant Offer	200
1100. General.....	200
1101. Project Description.....	200
1102. Multi-Year Grants.....	200
1103. Standard Conditions.....	201
1104. Final Clearance of Grant Offer.....	202
1105. Letter of Intent.....	202

1106. - 1109. Reserved.....	202
Section 2. Variations and Transition to Electronic Grants	202
1110. General.	202
1111. - 1119. Reserved.....	202
Section 3. Special Conditions	202
1120. General.	202
1121. Special Conditions to be Included in Grant Agreements.	202
1122. Other Subjects which May Require Special Conditions.	202
1123. - 1129. Reserved.....	203
Section 4. Acceptance of Grant Offer	203
1130. General.	203
1131. Time Limit for Acceptance of Offer.....	203
1132. Distribution and Notification of Grant Agreement.	203
1133. Revision of Grant Offer.	203
1134. - 1139. Reserved.....	204
Section 5. Grant Amendments	204
1140. General.	204
1141. Amendments Involving a Change in the Work Description.....	204
1142. Amendments Involving a Change in the U.S. Obligation.....	205
1143. Acceptance of Amendment.	207
1144. Numbering Amendments.....	207
1145. Informal Letter Amendments.	208
1146. - 1149. Reserved.....	208
Section 6. Suspension and Termination of the Grant	208
1150. General.	208
1151. Suspension of the Grant.....	208
1152. Termination for Cause.....	209
1153. Termination for Convenience.	209
1154. Request for Reconsideration.....	209
1155. Funds Recovery.	209
1156. Distribution.	209
1157. - 1199. Reserved.....	210
Chapter 12. Project Accomplishment	212
Section 1. Pre-construction Activities	212
1200. General.	212
1201. Sponsor Certification.....	212
1202. Assurances and Certifications.....	212
1203. Land Title Requirement.....	212
1204. Authorization of Notice to Proceed.....	212
1205. Delay in Construction Start.....	213
1206. Pre-construction Conference.....	213
1207. Scope and Agenda.....	213
1208. Labor and Civil Rights Requirements.....	214
1209. - 1219. Reserved.....	214
Section 2. Construction Procedures	214
1220. FAA Responsibilities.	214
1221. Sponsor's Responsibilities.	215
1222. Change Orders and Supplemental Agreements.....	216
1223. - 1229. Reserved.....	216

Section 3. Sponsor’s Force Account	216
1230. General.	216
1231. Justification and Approval.	217
1232. Sponsor Funds.	217
1233. Cost Allowability.	217
1234. Performance of Construction.	218
1235. - 1299. Reserved.	218
Chapter 13. Project Payment, Closeout, and Audit	220
Section 1. Project Payment	220
1300. General.	220
1301. Letter of Credit.	220
1302. Payment by Treasury Check or Electronic Funds Transfer - General.	220
1303. Payment by Treasury Check or Electronic Funds Transfer - Forms.	220
1304. Payment by Treasury Check or Electronic Funds Transfer - Approval.	221
1305. Withholding Payment.	221
1306. - 1309. Reserved.	222
Section 2. Grant Closeout Procedures	222
1310. General.	222
1311. Audit Relationship to Closeout.	222
1312. Work Completion Requirements for Closeout.	222
1313. Administrative Requirements for Closeout.	223
1314. Financial Requirements for Closeout.	223
1315. Final Project Report.	224
1316. Financial Settlement.	224
1317. Reports to FAA Headquarters.	224
1318. Reclaim for Suspended Costs after Final Settlement.	224
1319. Reserved.	224
Section 3. Audits	224
1320. General.	224
1321. Audit Responsibilities - General.	225
1322. Audit Responsibility - FAA Airports Office.	225
1323. Audit Responsibility - Public Sponsor.	226
1324. Audit Responsibility - OIG.	226
1325. Private Sponsor Audit.	227
1326. Grants Less than \$300,000.	227
1327. Supplemental Audits.	227
1328. Audit Costs.	227
1329. Release of Audit Reports.	227
1330. - 1399. Reserved.	228
Chapter 14. Enforcement of Labor and Civil Rights Requirements	230
Section 1. Enforcement of Labor Requirements	230
1400. General.	230
1401. Enforcement Responsibility.	231
1402. FAA Examinations and Investigations.	231
1403. Investigation Report.	231
1404. Review and Sponsor Notification.	231
1405. Sponsor Corrective Action.	231
1406. Withholding Grant Payments.	231
1407. Action on Investigation Reports.	232
1408. Department of Labor Investigations.	232
1409. Liquidated Damages under the Contract Work Hours and Safety Standards Act.	232
1410. - 1419. Reserved.	233

Section 2. Enforcement of Civil Rights Requirements	233
1420. General.....	233
1421. The Civil Rights Requirements with which Sponsors, Contractors, and Subcontractors must Comply.....	233
1422. Disadvantaged Business Enterprises (DBE) Program.....	235
1423. Section 47123 of the Act.....	236
1424. Executive Order (E.O.) 11246.....	237
1425. Rehabilitation Act of 1973 (P.L. 93.112).....	237
1426. Aircraft and Air Carrier Facility Accessibility.....	238
1427. Americans with Disabilities Act (ADA) of 1990.....	239
1428. - 1499. Reserved.....	239

Tables and Figures

Table 1 Aviation Taxes.....	4
Figure 1 Typical Correlation between Yearly Authorization and Appropriation Levels.....	5
Table 2 Yearly AIP Authorizations and Appropriation Limitations (In Millions).....	5
Table 3 Definition of Airport Categories.....	7
Figure 2 Typical Percentage Distribution of AIP.....	12
Table 4 Fiscal Year 2003 Distribution of AIP Grants.....	13
Figure 3 Typical AIP Grant Process.....	18
Table 5 AIP-Funded Airfield Lighting and Surface Movement Equipment.....	73
Table 6 AIP-Funded Safety, Security, and Related Equipment.....	81
Table 7 Limitations on AIP-Funded Airport Navigation Aid Equipment.....	91
Table 8 Limitations on AIP-Funded Terminal Navigation Aid Equipment.....	93
Table 9 AIP-Funded Communications, Surveillance and Air Traffic Control Equipment.....	94
Table 10 Limitations on AIP-Eligible Aviation Weather Equipment.....	97
Table 11 AIP-Funded Aviation Hazard and Environmental Mitigation Equipment.....	99
Table 12 Limitations on AIP-Eligible Relocation of FAA Equipment.....	105
Table 13 Terminal Eligibility by Commercial Service Airport Type.....	114
Table 14 Terminal Eligibility by General Aviation and Special Airport Categories.....	115

Appendices

- Appendix 1. Non-Allowable Items (1 page)
- Appendix 2. Reserved (1 page)
- Appendix 3. Standard Form 424 (2 pages)
- Appendix 4. Part II – Project Approval Information (FAA Form 5100-100)
(Development Projects) (10 pages)
- Appendix 5. Project Approval Information (FAA Form 5100-101) (Planning Projects)
(8 pages)
- Appendix 6. Grant Agreement (FAA Form 5100-37) (3 pages)
- Appendix 7. Grant Special Conditions (6 pages)
- Appendix 8. Project Evaluation Review and Development Analysis Checklist
(FAA Form 5100-109) (1 page)
- Appendix 9. Construction Progress and Inspection Report (FAA Form 5370-1) (2 pages)
- Appendix 10. AIP Final Inspection Report (FAA Form 5100-17) (1 page)
- Appendix 11. Title VI Reverter Clauses (1 page)
- Appendix 12. Labor Standards Interview and Summary of Labor Standards Investigation
Reports (Forms DOT F 4220.5 and 4220.6) (2 Pages)
- Appendix 13. Examples of Increasing Maximum Obligation (4 pages)
- Appendix 14. Grant Amendment (FAA Form 5100-38) (2 pages)
- Appendix 15. Informal Letter Amendment (2 pages)
- Appendix 16. Entitlement Transfer Agreement (FAA Form 5100-110) (1 page)
- Appendix 17. Multi-Year Letter Amendment (Suggested Text) (1 page)
- Appendix 18. Federal Cash Transactions Report (SF 272) (3 pages)
- Appendix 19. Request for Advance or Reimbursement (SF 270) (2 pages)
- Appendix 20. Outlay Report and Request for Reimbursement for Construction Programs
(SF 271) (2 pages)
- Appendix 21. Letter of Intent and Amendment (3 pages)
- Appendix 22. Agreement on State Sponsorship and Airport Sponsor Obligations (2 pages)
- Appendix 23. Adjustments of Federal Shares at Certain Airports (1 page)
- Appendix 24. Reserved (1 page)
- Appendix 25. Standard Sponsor Certification Forms (12 pages)
- Appendix 26. Block Grant Application (1 page)
- Appendix 27. Block Grant Agreement (4 pages)
- Appendix 28. AIP Grant Status Report (FAA Form 5100-107 - Electronic Version) (1 Page)
- Appendix 29. Finance Template for LOI Applicants (1 Page)
- Appendix 30. Obligations in Block Grant Suspension or Termination (1 Page)

Chapter 1. INTRODUCTION

Section 1. GENERAL

1. PURPOSE.

This order provides guidance and sets forth policies and procedures for the administration of the Airport Improvement Program (AIP) by the Federal Aviation Administration (FAA).

2. AUTHORIZING LEGISLATION.

a. The AIP is authorized by Chapter 471 of Title 49 of the United States Code (U.S.C.), which is referred to as the "Act". Previously, the AIP was authorized by the Airport and Airway Improvement Act of 1982 (P.L. 97-248, as amended), which was repealed in 1994 by Public Law 103-272 (July 5, 1994), Codification of Certain U.S. Transportation Laws at Title 49 U.S.C. and the provisions were recodified as Chapter 471. No substantive changes were made in the recodification. Since the original authorization the Act has been amended in 1994, 1996, 1999, 2000, 2001, 2002 and again in 2003, to change the annual authorizations for fiscal year 1994 through FY 2007 as well as numerous other program changes. The Act's broad objective is to assist in the development of a nationwide system of public-use airports adequate to meet the current needs and the projected growth of civil aviation. The Act provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems (NPIAS).

b. The Act also authorizes funds for noise compatibility planning and to carry out noise compatibility programs as set forth in the Aviation Safety and Noise Abatement Act of 1979 (P.L. 96-143). Public Law 103-272 (July 5, 1994), Codification of Certain U.S. Transportation Laws at Title 49 U.S.C., also repealed the Aviation Safety and Noise Abatement Act of 1979, as amended, and recodified it without substantive change at Title 49 U.S.C.

c. Several notable name changes were contained in the recodification language. The term "enplanements" was replaced with the term "passenger boardings." The codification also refers to passenger facility fees instead of passenger facility charges. These terms, when used in a discussion of legislative provisions and program objectives, are interchangeable.

3. POLICY.

The highest aviation priority of the United States is the safe and secure operation of the airport and airway system. Policy statements in enabling legislation address minimizing noise impacts on nearby communities; developing reliever airports; developing cargo hub airports; developing systems that use various modes of transportation; protecting and enhancing natural resources; and reducing aircraft operation delays. In addition, such policies address converting former military air bases to civil use or improving additional joint-use facilities; and implementing a variety of other provisions to ensure a safe and efficient airport system.

The FAA supports the policies by giving highest priority to projects that enhance safety and security of our airport system. Other major policy objectives are advanced by assigning high priority to the award of AIP funds to maintain airport infrastructure and increase the capacity of facilities to accommodate growing passenger and cargo traffic. The United States' aviation policies are strengthened by statutory provisions that direct specific funding to help minimize current and projected noise impacts; convert current and former military air bases that are available for civil use; preserve and enhance capacity, safety, and security at primary and reliever airports; and ensure continued funding availability to general aviation and nonprimary commercial service airports. Discussion of these funding designations is provided in the sections that follow dealing with apportioned and discretionary funds.

Title 49 U.S.C., Section 47103 requires the Secretary of Transportation to publish a national plan for the development of public use airports in the United States. This plan, the NPIAS, lists development considered necessary to provide a safe, secure, efficient, and integrated airport system meeting the needs of civil aviation, national defense, and the U. S. Postal Service. An airport must be included in this plan to be eligible to receive a grant under the AIP. The latest published edition of the NPIAS, before the issuance of this order, covered 2005-2009. It was transmitted to Congress on September 30, 2004. That report identified 3,344 existing airports of significance to air transportation and included estimates that \$39.55 billion in AIP-eligible development is needed over the 5-year period of 2005-2009 to meet the needs of all segments of civil aviation.

4. APPLICATION OF POLICY AND GUIDANCE PRINCIPLES.

The contents of this handbook are similar to prior versions based on principles below.

a. Unless it is considered necessary to achieve standardization in grant program administration across the country, procedures and requirements not dictated by legislation, regulation, or factors beyond FAA control are left to the discretion of the regions. It is recognized that the diversity among the regions of program needs, available resources, and Airports Division organizational structures dictate that flexibility must be given Airports Division Managers for efficient grant program administration. At the same time, however, the AIP must be perceived by the aviation community as an even-handed program administered uniformly in every State. This principle results in the inclusion in the handbook of standard "special conditions" to be used in frequently encountered grant conditions and in greater reliance on regional discretion in project management.

b. The handbook attempts to summarize appropriate information from other guidance material when possible, so that direct reference to the original material is seldom needed. However, some of these documents are so closely related and applicable to day-to-day grant activity that they should be considered companion documents to this handbook and should be, in fact, a part of each program manager's tools for daily program administration. One source of frequently referenced guidance material used in this handbook is advisory circulars (AC's). The FAA issues advisory circulars to inform the aviation public in a systematic way of nonregulatory material of interest. The following guidance should be used in conjunction with this handbook:

(1) Title 49 CFR, Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements for State and Local Governments;"

(2) Title 49 CFR, Part 26, "Participation by Disadvantaged Business Enterprises in Department of Transportation Programs;"

(3) FAA Order 5100.20, "Program Control and Reporting Procedures - Airport Grant Programs;"

(4) Advisory Circular 150/5100-6, "Labor Requirements for the Airport Improvement Program;"

(5) Advisory Circular 150/5100-15, "Civil Rights Requirements for the Airport Improvement Program;"

(6) Advisory Circular 150/5100-16, "Airport Improvement Program Grant Assurance Number One - General Federal Requirements;"

(7) FAA Order 5090.3, "Field Formulation of the National Plan of Integrated Airport Systems (NPIAS);"

(8) FAA Order 5100.37, "Land Acquisition and Relocation Assistance for Airport Development Projects;"

(9) FAA Order 5050.4, "Airport Environmental Handbook;"

(10) FAR Part 150, "Airport Noise Compatibility Programs;"

(11) FAA Order 5100.39, "Airports Capital Improvement Plan;"

(12) Other advisory circulars, orders, agency directives, regulations, etc., are referenced in this handbook for guidance in particular areas. They may be consulted when more details are required.

c. Where possible, the administrative procedures for both the region and the sponsors have been simplified with a view toward reducing the workload for the regions and field offices as well as reducing burdensome detail and paperwork for sponsors. If there are any areas in this handbook where further progress toward this goal can be made (within the purview of the FAA), they should be brought to the attention of the Airports Financial Assistance Division, APP-500; ATTN: Airport Improvement Program Branch, APP-520.

5. WAIVERS.

Except where options are specifically noted in this order or where non-mandatory language is used, e.g., "may" or "as determined by the field office", the procedures and requirements are mandatory in nature. Any deviation from them must be approved by the Director of the Office of Airport Planning and Programming or designee. All requests for deviations should be sent to the Director of the Office of Airport Planning and Programming for processing.

6. HANDBOOK FORMAT.

a. The handbook is arranged beginning with explanation, definition, and description of major kinds of projects and overall requirements followed by the step-by-step process in carrying out a typical grant from project formulation to grant closeout. The final chapter covers Civil Rights/Labor enforcement.

b. Similar subject matter in different chapters is cross-referenced to avoid text duplication and to lead the reader through the applicable guidance. A subject index at the end of certain previous editions of the handbook has been omitted since electronic search engines may replace this guide for users.

c. Except as noted, the appendices to the handbook contain all forms normally used in the grant process as well as standardized language to be used for special conditions. Standard language and forms used for Civil Rights and Labor requirements are to be found in the two advisory circulars on those subjects. Forms for program control and reporting are found in FAA Order 5100.20.

d. Guidance newly issued as a Program Guidance Letter (PGL), which is appropriate for inclusion in the handbook, will be included in subsequent handbook changes. PGLs will continue to be issued for items that are not appropriate handbook material, for example short-term policy guidance or detailed information on particular subjects, and to provide interim guidance between handbook changes.

7. - 19. RESERVED.

Section 2. TITLE 49 UNITED STATES CODE

20. GRANT AUTHORITY.

Title 49 U.S.C., Section 47104(a) authorizes the Administrator to make grants for airport planning and development in the United States and certain other entities as described in Paragraph 25. The grants assist the development of public-use airports served by air carriers, commuters and general aviation.

21. REVENUE SOURCES.

The Airport and Airway Trust Fund, which was established by the Airport and Airway Revenue Act of 1970, provides the revenues used to fund AIP projects. The Trust Fund concept guarantees a stable

funding source whereby users pay for the services they receive. In 1997, Congress enacted new taxes that fund the Trust Fund. Each component of the taxes and the percentage of the total revenue derived from them during FY 2003 are shown in Table 1. The percentages show relative contributions of taxes.

Table 1 Aviation Taxes

AVIATION COMPONENT	COMPUTATION FORMULAE	PERCENT
Domestic Passenger Ticket Tax <i>(Including Areas of Canada and Mexico Not More Than 225 Miles from the Continental United States)</i>	7.5% from October 1, 1999, to September 30, 2007	49
Domestic Passenger Flight Segment	\$3 per Segment during Calendar Year (CY) 2002 Indexed to Consumer Price Index (CPI) after CY 2002	20
Passenger Ticket Tax at Rural Airports <i>(Having Less Than 100,000 Boardings and More Than 75 Miles from an Airport with 100,000 Boardings)</i>	7.5% of Ticket Cost Beginning Oct. 1, 1997 (Excludes Flight Segment Component)	1
International Departure and Arrival Taxes <i>(Where Domestic Tax Does Not Apply)</i>	\$12 Per Person Departure Tax Plus \$12 Per Person Arrival Tax Beginning Oct. 1, 1997 Indexed to CPI Beginning Jan. 1, 1999	15
Special Rule for Flights between Continental US and Alaska or Hawaii	\$6 Departure Tax for International Facilities Indexed to CPI Beginning Jan. 1, 1999 Plus a Portion of the Domestic Passenger Ticket Tax	
Frequent Flyer Tax	7.5% of Frequent Flyer Award Value	2
Waybill Domestic Freight and Mail	6.25% of Shipment Cost	5
Commercial Fuel Tax	4.3¢ Per Gallon	6
General Aviation Fuel Tax	Aviation Gasoline – 19.3¢ Per Gallon Jet Fuel – 21.8¢ Per Gallon	2

22. AIP AUTHORIZED FUNDING LEVELS.

The Act, as amended, authorizes the use of monies from the Airport and Airway Trust Fund to make grants under the AIP on an annual fiscal year basis. Figure 1 and Table 2 depict amounts (in millions) that were authorized and subsequently limited by appropriations acts for the AIP. Appropriation limitations generally fall short of authorized levels.

Funds authorized but remaining after a fiscal year, due to appropriations limitations, carry forward to future fiscal years unless the Congress takes specific action to limit such amounts. During the annual appropriations process, Congress may also limit the funding that may be obligated for grants to an amount that differs from the annual authorization. (See Paragraph 32.) Rescissions may be enacted as a bookkeeping device reducing the authorized level to the amount limited by appropriations acts.

23. TYPES OF AIRPORTS AND AIRPORT ACTIVITIES.

The only airports, or portions thereof, eligible for AIP funding are public use airports that serve civil aviation. The definition for airports in the law refers to any area of land or water used or intended for landing or take-off of aircraft. This includes, within the five categories of airports listed below, special

types of facilities including seaplane bases, heliports and facilities to accommodate tilt rotor aircraft. An airport includes an appurtenant area used or intended for airport buildings, facilities, as well as rights of way together with the buildings and facilities.

When aircraft operators are exempt from paying the aviation taxes described in Table 1, their airport activity would not be included in the justification or design for an AIP project. (For instance, certain Federal agencies that operate Government-owned aircraft for fire fighting do not contribute to the Airport and Airway Trust Fund.) An exception to this general rule has been identified within 49 USC 47504(c)(6) for approved noise compatibility programs involving military aircraft. The statute authorizes use of AIP funds where military aircraft are the primary cause of noise provided FAA approved the compatibility program with that activity as justification.

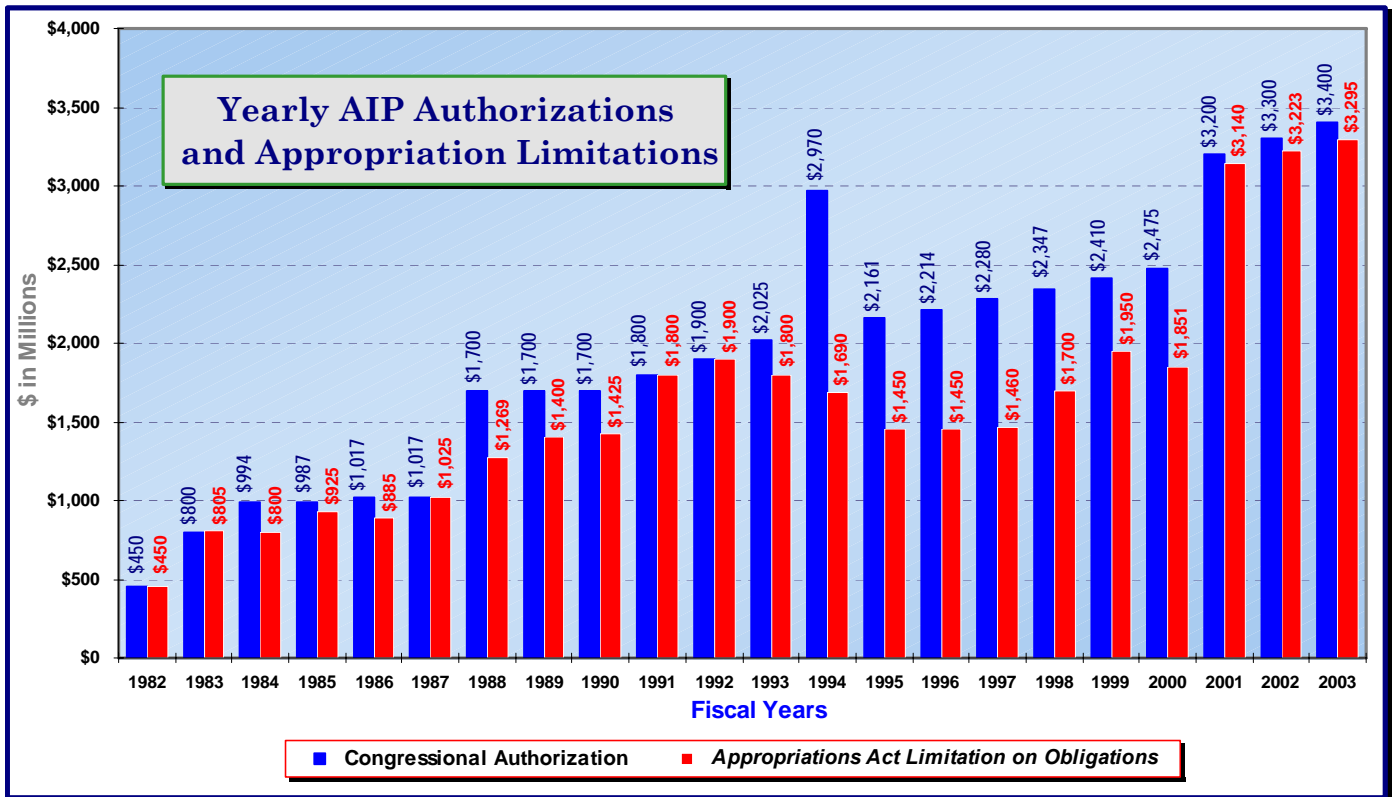


Figure 1 Typical Correlation between Yearly Authorization and Appropriation Levels

The law defines airports by categories of airport activities, including commercial service, primary, cargo service, reliever, and general aviation airports. Categories in Table 3 are defined as follows:

Commercial Service Airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. **Passenger boardings** refer to revenue passenger boardings on an aircraft in service in air commerce whether or not in scheduled service. The definition also includes passengers who continue on an aircraft in international flight that stops at an airport in any of the 50 States for a non-traffic purpose, such as refueling or aircraft maintenance rather than passenger activity. **Passenger boardings** at airports that receive scheduled passenger service are also referred to as **Enplanements**. A pilot program on airport privatization may apply to individual commercial service airports, in which case, some private rather than public ownership provisions are allowed. Questions on it should be directed to the Airport Compliance Branch, AAS-400.

Table 2 Yearly AIP Authorizations and Appropriation Limitations (In Millions)

FISCAL YEAR	CONGRESSIONAL AUTHORIZATION	APPROPRIATIONS ACT LIMITATION ON OBLIGATIONS
1982	\$ 450.00	\$ 450.00
1983	\$ 800.00	\$ 804.52
1984	\$ 993.50	\$ 800.03
1985	\$ 987.00	\$ 925.00
1986	\$1,017.00	\$ 885.24
1987	\$1,017.20	\$1,025.05
1988	\$1,700.00	\$1,268.70
1989	\$1,700.00	\$1,400.00
1990	\$1,700.00	\$1,425.00
1991	\$1,800.00	\$1,800.00
1992	\$1,900.00	\$1,900.00
1993	\$2,025.00	\$1,800.00
1994	\$2,970.30	\$1,690.00
1995	\$2,161.00	\$1,450.00
1996	\$2,214.00	\$1,450.00
1997	\$2,280.00	\$1,460.00
1998	\$2,347.00	\$1,700.00
1999	\$2,410.00	\$1,950.00
2000	\$2,475.00	\$1,850.60
2001	\$3,200.00	\$3,140.00
2002	\$3,300.00	\$3,223.00
2003	\$3,400.00	\$3,295.00

(1) **Nonprimary Commercial Service Airports** are **Commercial Service Airports** that have at least 2,500 and no more than 10,000 **passenger boardings** each year.

(2) **Primary Airports** are **Commercial Service Airports** that have more than 10,000 **passenger boardings** each year. Hub categories for **Primary Airports** are defined as a percentage of total **passenger boardings** within the United States in the most current calendar year ending before the start of the current fiscal year. For example, calendar year 2000 data are used for fiscal year (FY) 2002 since the fiscal year began 9 months after the end of that calendar year. Table 3 depicts the formulae used for the definition of airport categories based on statutory provisions cited within the table, including **Hub Type** described in 49 USC 47102.

b. **Cargo Service Airports** are airports that, in addition to any other air transportation services that may be available, are served by aircraft providing air transportation of only cargo with a total annual landed weight of more than 100 million pounds. "Landed weight" means the weight of aircraft transporting only cargo in intrastate, interstate, and foreign air transportation. An airport may be both a commercial service and a cargo service airport.

Table 3 Definition of Airport Categories

AIRPORT CLASSIFICATIONS		HUB TYPE: PERCENTAGE OF ANNUAL PASSENGER BOARDINGS	COMMON NAME
Commercial Service: Publicly owned airports that have <u>at least 2,500</u> passenger boardings each calendar year and receive scheduled passenger service §47102(7)	Primary: Have <u>more than 10,000</u> passenger boardings each year §47102(11)	Large: 1% or more	Large Hub
		Medium: At least 0.25%, but less than 1%	Medium Hub
		Small: At least 0.05%, but less than 0.25%	Small Hub
		Nonhub: More than 10,000, but less than 0.05%*	Nonhub Primary
	Nonprimary	Nonhub: At least 2,500, and no more than 10,000*	Nonprimary Commercial Service
Nonprimary (Except Commercial Service)			Reliever §47102(18)
			General Aviation
Other than Passenger Classification			Cargo Service §47114(c)(2)

*Nonhub Airports – Locations having less than 0.05 percent of the United States passengers, including any nonprimary commercial service airport, are statutorily defined as nonhub airports. For some purposes we separate primary locations within this hub type, although more than 100 nonhub airports are currently classified as a nonprimary commercial service airport.

c. **Reliever Airports** are airports designated by the FAA to relieve congestion at **Commercial Service Airports** and to provide improved general aviation access to the overall community. These may be publicly or privately-owned.

d. The remaining airports, while not specifically defined in Title 49 USC, are commonly described as **General Aviation Airports**. This airport type is the largest single group of airports in the U.S. system. The category also includes privately owned, public use airports that enplane 2500 or more passengers annually and receive scheduled airline service. The airport privatization pilot program authorized under Title 49 U.S.C., Section 47134, may affect individual general aviation airports. Under this program, some private rather than public ownership provisions are allowed, and questions on it should be directed to AAS-400.

24. CHANGES IN AIRPORT CLASSIFICATION.

a. Primary Airports. Any apportioned funds earned by an airport whose classification has changed from primary to nonprimary commercial service airport will be available to that airport for the entire 3-year (4-year in the case of nonhub primary airports) life of those apportionments regardless of any subsequent change in airport classification. See Paragraph 25a below. Should a primary airport be inadvertently or erroneously classified as a nonprimary in the annual announcement of apportionment distribution, a sum equivalent to the earned apportionments may be made available to the airport from discretionary funds.

b. Reliever Airports. Regions may designate airports as relievers (assuming they meet criteria for relievers) at any time during the year.

c. Other Airports. A few airports change from general aviation to commercial and vice versa during a year. For funding classifications for these borderline airports, consult with APP-520.

25. DISTRIBUTION OF FUNDS.

Statutory provisions require that AIP funds be apportioned by formula each year to specific airports or types of airports. Such funds are available to airports in the year they are first apportioned and they remain available for additional fiscal years as described in Paragraph 33I. Among the recipients of apportioned funds are primary airports, cargo service airports, states (including nonprimary apportionments when applicable) and insular areas (see subparagraph d below), and Alaskan Airports. Figure 2 and Table 4, both at the end of this paragraph, depicts how the funds are divided between funding categories. See Paragraphs 25e for limiting factors concerning apportionment of funds to nonprimary airports.

a. Primary Airports. Each primary airport apportionment is based upon the number of passenger boardings at the airport. If full funding is made available for obligation, the minimum amount apportioned to the sponsor of a primary airport is \$650,000, and the maximum is \$22,000,000, in accordance with Title 49 U.S.C., Section 47114(c)(1)(B). These funds are calculated as follows:

- \$7.80 for each of the first 50,000 passenger boardings
- \$5.20 for each of the next 50,000 passenger boardings
- \$2.60 for each of the next 400,000 passenger boardings
- \$0.65 for each of the next 500,000 passenger boardings
- \$0.50 for each passenger boarding in excess of 1 million

Also, in any fiscal year in which the total amount made available under Title 49 U.S.C., Section 48103 is \$3.2 billion or more the amount to be apportioned to a sponsor shall be increased by doubling the amount that would otherwise be apportioned under the formula, the minimum apportionment to a sponsor under (a) above will be increased to \$1,000,000 rather than \$650,000, and the maximum apportionment to a sponsor under (a) above shall be increased to \$26,000,000 rather than the \$22,000,000.

b. Small Airport Fund. In 1990, legislation was enacted that allows public agencies controlling commercial service airports to charge each boarding passenger using the airport a \$1, \$2, or \$3 passenger facility charge (PFC). Public agencies wishing to impose a PFC must apply to the FAA for such authority and meet certain requirements. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21) made provision for the imposition of a \$4.00 or \$4.50 PFC as described within Order 5500.1.

Title 49 U.S.C., Section 47114(f) requires that AIP funds apportioned to a large or medium hub airport be reduced if a PFC is imposed at that airport. For a PFC of \$3.00 or less the apportionment for

a fiscal year is reduced by 50 percent of the forecast PFC revenue in that fiscal year, but not by more than 50 percent of the apportionments calculated for that fiscal year. In the case of a fee of more than \$3.00, the apportionment for a fiscal year is reduced by 75 percent of the projected revenues from the fee in the fiscal year but not by more than 75 percent of the amount that otherwise would be apportioned. This reduction takes place in the fiscal year following the year in which the collection of the fee imposed under Title 49 U.S.C., Section 40117 is begun.

The apportionments that are withheld as a result of PFC collections are distributed, in accordance with Title 49 U.S.C., Section 47116(b) as follows:

- 12.5 percent to the AIP discretionary fund; and
- 87.5 percent to the “small airport fund”.

Of the 87.5 percent distributed to the small airport fund, one seventh (1/7) (12.5 percent of the total PFC-reduced apportionment funds) must be spent at small–hub primary airports, and the remaining divided as follows:

(1) one–third (25 percent of the total PFC-reduced apportionment funds) is distributed to general aviation (including reliever) airports, and

(2) the remaining two–thirds (50 percent of the total PFC-reduced apportionment funds) is distributed to nonhub commercial service airports.

c. Cargo Service Airports. Airports qualified as cargo service airports share the 3.5 percent of AIP apportionment made available to them in accordance with Title 49 U.S.C., Section 47114(c)(2). Cargo funds are apportioned to each cargo service airport in the same proportion as its proportion of landed weight of cargo aircraft to the total landed weight of cargo aircraft at all qualifying airports. No cargo service airport is entitled to more than 8 percent of the total amount apportioned to all-cargo service airports.

Beginning in 1997, the Secretary has been authorized to make a portion of the cargo funds available to airports not qualifying for these funds if the Secretary finds the non-qualifying airports will be served primarily by aircraft providing air transportation of only cargo. Contact APP-520 for assistance on this provision.

d. States/Insular Areas.

Funds commonly described as State apportionments are made available within states under various conditions.

(1) If AIP has funding available under \$3.2 billion, a total of 18.5 percent of the annual amount made available for obligation is apportioned for use at nonprimary commercial service, general aviation, and reliever airports within the States and insular areas in accordance with Title 49 U.S.C., Section 47114(d). Of this 18.5 percent, 99.34 percent is apportioned for airports based on an area/population formula within the 50 States, the District of Columbia, and Puerto Rico, while the remaining 0.66 percent is apportioned for airports in the insular areas (Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).

(2) If AIP has funding available equal or more than \$3.2 billion, 20 percent of the annual amount made available for obligation is apportioned for use at nonprimary commercial service, general aviation, and reliever airports within the States and insular areas. Of this, a direct apportionment will be made to nonprimary airports in accordance with Paragraph e. below. Of the funds remaining after deduction of the nonprimary apportionment, 99.38 percent is apportioned for airports based on an area/population formula within the 50 States, the District of Columbia, and Puerto Rico, while the remaining 0.62 percent

is apportioned for airports in the insular areas (Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).

(3) Although the apportionment is designated for use in these political entities, the FAA has the responsibility for determining which airports should receive grants in jurisdictions not funded through the State Block Grant Program. Funds apportioned for use within the states and insular areas remain available for the fiscal year in which first authorized and the three fiscal years immediately following.

(4) A special rule under 49 USC 47114(d)(4) provides that amounts apportioned as described within this subparagraph for airports of Alaska, Hawaii and Puerto Rico may be used at any primary or nonprimary airport in addition to other designated entitlements. This flexibility in using funds applies under subparagraph f below to the Alaskan supplemental apportionment as well.

e. Nonprimary Airports. In the event that AIP is funded at \$3.2 billion or more, a portion of the funds apportioned in Subparagraph d(2) is apportioned directly to sponsors of nonprimary airports. The amount of these individual nonprimary airport apportionments is –

(1) 20 percent of the 5-year cost of the need listed for a particular airport in the most recently published NPIAS; or

(2) an overall cap of \$150,000.

f. Alaska Supplemental Funds. Funds are apportioned for certain Alaskan airports to ensure that Alaska receives at least as much as these airports were apportioned in FY 1980 under previous grant-in-aid legislation in accordance with Title 49 U.S.C., Section 47114(e).

g. Discretionary Fund. Remaining funds form the “discretionary fund.” These funds are of two types. One type is discretionary set-aside funds, which are more fully described in Paragraph h below. The other type consists of those funds remaining after the apportionments are made and the set-asides are accommodated. Of these remaining funds, 75 percent, known as capacity/safety/security/noise (C/S/S/N), is to be used for preserving and enhancing capacity, safety, security, and carrying out noise compatibility planning and programs at primary and reliever airports. The remaining 25 percent, known as remaining or pure discretionary funds, may be used for any eligible project at any airport.

(1) Projects funded with any discretionary funds should be based on the national priority system in Paragraph 320. Ordinarily a project with a high numerical score will not be deferred in order to fund lower priority work. Regions should document project files if a higher priority project has been deferred to a later fiscal year in favor of other work. For instance, when new information becomes available projects in the current year Airport Capital Improvement Plan may be unexpectedly delayed for a variety of reasons. If this happens, regions should notify APP-520 of deferral and the reason. See 49 USC 47115(d)(2)(A).

(2) The sponsor must be able to commence the work on projects using discretionary funds during the same fiscal year as the grant agreement or within 6 months, whichever is later. Regions should ensure project schedules are realistic. (When a project has been delayed, see Paragraph 1151 on suspension of the grant, if appropriate.) For purposes of this provision, regions should construe “commence the work” to mean –

- (a) Initiation of the effort for projects with planning or design;
- (b) Initial title search or other preliminary work for land projects;
- (c) Physically underway for construction or noise compatibility implementation; and
- (d) Execution of the purchase contract for equipment projects.

h. Set-Aside Funds. Portions of AIP funds are set-asides designed to achieve specified funding minimums. A minimum amount of funding is directed to the noise, MAP, and reliever set-asides.

(1) Noise. An amount equal to 35 percent of the discretionary fund is reserved for noise compatibility planning and implementing noise compatibility programs under Title 49 U.S.C., Section 47501 et seq. (formerly the Aviation Safety and Noise Abatement Act of 1979). Such minimum can be met with apportioned or discretionary funds. Eligible projects for the noise set-aside funding include:

(a) Noise compatibility planning under 49 USC 47505(a)(2);

(b) Noise compatibility implementation programs under 49 USC 47504(c);

(c) Noise mitigation projects approved in an environmental record of decision for an AIP airport development project even if the sponsor has not met Part 150 requirements;

(d) Compatible land use planning and projects carried out by State and local governments around large and medium hub airports under 49 USC 47141; and

(e) Clean Air Act projects as defined by 49 USC 47102(3)(F), 47102(3)(K), and 47102(3)(L) except for constructing or purchasing capital equipment that would benefit primarily a revenue-producing area of the airport used by a non-aeronautical business.

(2) Military Airport Program (MAP). Four percent of the discretionary fund is used for the MAP.

(3) Reliever. If the AIP is funded at \$3.2 billion or above, 0.66 percent of the discretionary fund is available for a limited number of reliever airports with:

(a) More than 75,000 annual operations;

(b) A runway with a minimum usable landing distance of 5,000 feet;

(c) A precision instrument landing procedure;

(d) At least 100 based aircraft; and

(e) At least 20,000 hours of annual delays in commercial passenger aircraft takeoffs and landings at the airport relieved.

i. **Minimum Discretionary Funds.** The Act states that, beginning in FY 1997, not less than \$148 million, plus an amount equal to payments from the discretionary funds for LOIs issued prior to January 1, 1996, must be available as discretionary funds (capacity/safety/security/noise and remaining) after all apportionments and set-asides are satisfied. If less than this amount remains, all apportionments (except for Alaska supplemental funds) and set-asides are to be reduced by the same percentage to ensure that this amount is available for discretionary grants.

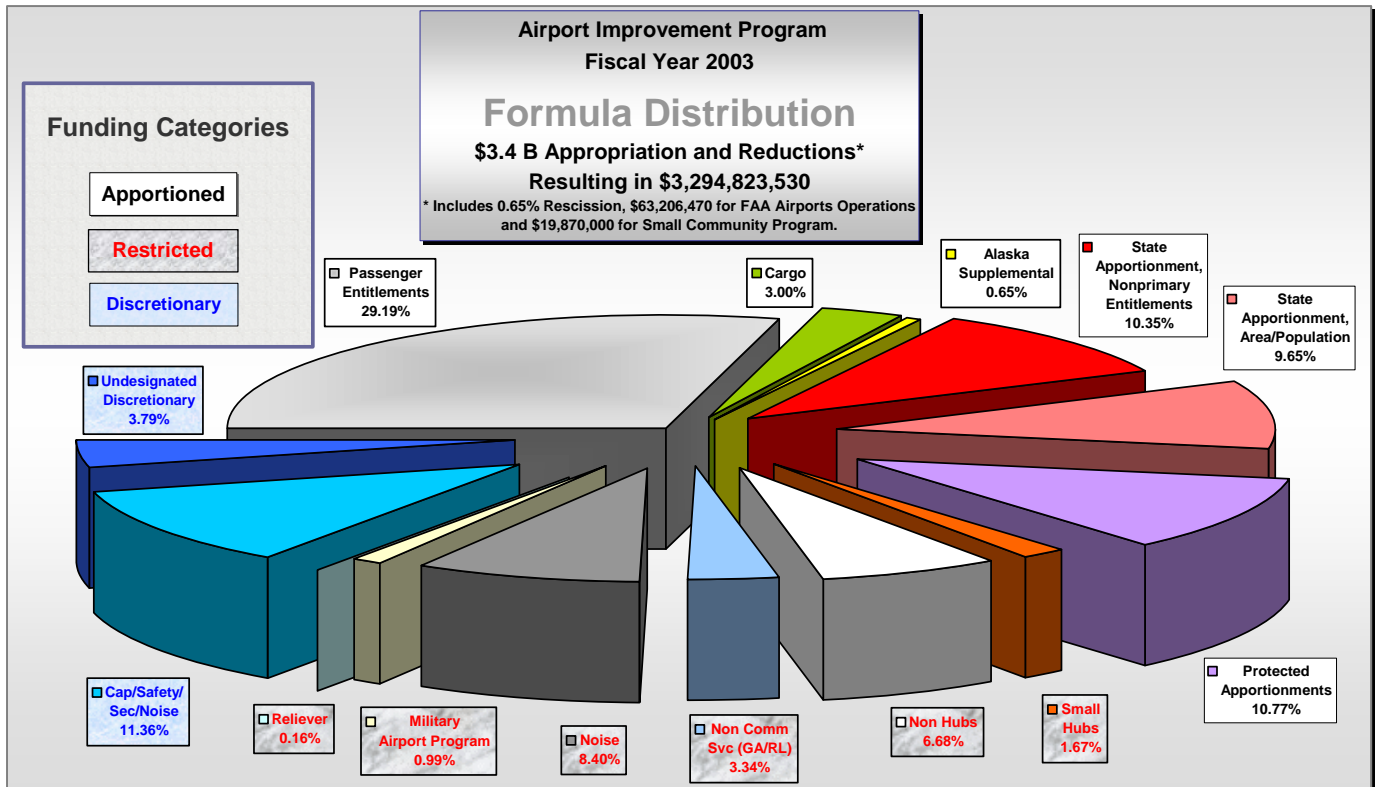


Figure 2 Typical Percentage Distribution of AIP

j. **Additional Airports.** The small airport and discretionary funds may be used to provide grants during FY 2004-07 for sponsors of airports located in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau. Using up to \$2.5 million of discretionary funds in any fiscal year during FY 2004-07, the Secretary of Transportation may enter into a reimbursable agreement with the Secretary of Interior for airport development projects at Midway Island Airport.

26. FEDERAL SHARE OF PROJECT COSTS.

a. The Federal share of the allowable project costs is determined by requirements in 49 USC 47109. An upward adjustment to these rates applies at some airports in certain states due to the large amount of federally owned land area within the State. For applicability of these upward adjustments, see Appendix 23. The appendix should be used for calculation of the Federal share whenever rates within it are higher than in this subparagraph. In other cases, the rates are as follows:

(1) For large and medium hub airports, the Federal share is 75 percent. However, for noise program implementation at large and medium hubs, the Federal share is 80 percent under 49 USC 47504(c)(4)(A).

Table 4 Fiscal Year 2003 Distribution of AIP Grants

FUNDING CATEGORY		
APPORTIONMENTS		
<i>Passenger Entitlements</i>	\$ 961,721,388	29.19
<i>Cargo Entitlements</i>	\$ 98,844,706	3.00
<i>Alaska Supplemental Apportionment</i>	\$ 21,345,114	0.65
<i>State Apportionment for Nonprimary Entitlements</i>	\$ 341,036,416	10.35
<i>State Apportionment Based on Area and Population</i>	\$ 317,928,290	9.65
<i>Carryover</i>	\$ 354,986,941	10.77
SMALL AIRPORT FUND		
<i>Small Hubs</i>	\$ 55,030,653	1.67
<i>Nonhubs (Nonhub Primary and Nonprimary Commercial Service)</i>	\$ 220,122,611	6.68
<i>Nonprimary (Except Commercial Service)</i>	\$ 110,061,306	3.34
DISCRETIONARY FUND		
<i>Capacity/Safety/Security/Noise</i>	\$ 374,323,209	11.36
<i>Pure Discretionary</i>	\$ 124,774,403	3.79
SET ASIDES		
<i>Noise</i>	\$ 276,673,676	8.40
<i>Military Airport Program</i>	\$ 32,549,844	0.99
<i>Reliever</i>	\$ 5,424,974	0.16
AVAILABLE APPROPRIATION	\$3,294,823,530	100.00

***Based on FY 2003 law rather than obligations –**

- Reductions from \$3.4 billion appropriation limited the AIP grants: FAA Operations (\$63,206,470), Small Community Program (\$19,870,000), and the amount of the Rescission (\$22,100,000).
- Double entitlement with \$26 million maximum and \$1 million minimum entitlement.
- State apportionment 20% of AIP. Cargo 3% of AIP. Non-primary entitlement = 150K or 1/5 of need published in FY 98-02 NPIAS, whichever was less. Noise set-aside could include apportionments. Reliever set-aside two-thirds of 1% of discretionary.
- PFC airports returned 50% or 75% of entitlements.
- Double Alaska.
- Carryovers resulted from non-use by the airport sponsor during the fiscal year in which they were apportioned. They were protected for two or three subsequent years. Nonhub airports qualified for the three-year period. Unused apportionments in the current fiscal year were converted for use as discretionary in the current year. However, the protected status reduced discretionary levels in subsequent fiscal years.

(2) For block grants, the Federal share of individual airport projects is not more than 90 percent as described in Paragraph 1092e. A temporary increase the same as Paragraph 26(a)(5) allows Federal shares to be up to 95 percent in State block grant individual airport projects.

(3) The Federal share of costs associated with integrated airport system planning is 90 percent. A temporary increase the same as Paragraph 26(a)(5) allows Federal Shares to be 95 percent.

(4) The pilot program on private ownership of airports includes a Federal share of 70 percent.

(5) For all other airports –

(a) Temporarily between FY 2004 and FY 2007, the Federal share is 95 percent; and

(b) Starting in FY 2008, the Federal share is 90 percent.

b. The Federal share of the allowable project costs may be further adjusted as follows:

(1) Projects under the innovative finance demonstration program may have flexible Federal shares.

(2) Section 601b of P.L. 98-454 (United States Insular Areas of Appropriation Authorization) requires waiver of up to \$200,000 of the sponsor's share of a grant issued after March 12, 1980, to American Samoa or the Northern Mariana Islands. For FY 2004-2007, a grant of up to \$4 million at the 95 percent participation rate under this rule would require no contribution from the sponsor.

27. MAXIMUM ALLOWABLE GRANT INCREASES.

When increasing the project cost allowable in grant agreements, regions should consider provisions of Paragraph 1142, Appendix 13 and related limitations, such as discretionary fund restrictions described by Tables 14 and 15.

a. Airport Development before December 30, 1987. The United States maximum obligation under a grant agreement made prior to December 30, 1987, shall not be increased by more than 10 percent for development projects or, in the case of land acquisition, by more than 50 percent of the total increase in the allowable project costs attributable to the acquisition.

b. Airport Development between December 31, 1987, and September 30, 1992. The United States maximum obligation under a grant agreement shall not be increased by more than 15 percent for both airport development projects and land acquisition.

c. Airport Development after September 30, 1992. The United States maximum obligation under a grant agreement shall not be increased by more than 15 percent for both airport development projects and land acquisition at primary airports. For land acquisition at other than primary airports, the maximum obligation may be increased by either the 15 percent of the original grant or 25 percent of the increase in total allowable project costs based upon credible appraisals or court award, whichever is greater.

d. Planning Elements. The United States maximum obligation separated under a planning grant or such elements with the project cost separately itemized in any grants cannot be increased even when the scope of work changes.

28. - 29. RESERVED.

Section 3. OVERVIEW OF THE GRANT PROCESS AND PROGRAM FUNDING

30. THE GRANT PROCESS.

Figure 3 represents the steps taken by the FAA and the sponsor for a typical AIP construction project. Not all of these steps are necessary for each project since requirements differ depending upon the work involved, the type of sponsor, project size, etc. The starting point within the project development stage is capital improvement planning, which should receive early attention of regions to ensure the succeeding steps in the process work well. Except for the Congressional notification process and the approval of projects exceeding the dollar limits delegated to the regions, all actions shown for FAA are carried out in the regions and field offices. Details on requirements and procedures for each of the steps are found in ensuing chapters of this handbook.

31. RESTRICTIONS ON LOBBYING AND INFLUENCING FEDERAL EMPLOYEES.

Title 49, Code of Federal Regulations (CFR), Part 20, contains requirements regarding lobbying and influencing Federal employees by a private entity, association, State, authority, or local government. See paragraph 311I.

- a.** Certification regarding such lobbying is incorporated by reference within the standard grant assurances. For the purposes of the AIP, this certification is made when signing the grant agreement.
- b.** The disclosure form that reports these activities by sponsors if lobbying or influencing Federal employees occurs using other than AIP funds must be provided by sponsors. Regions must forward the disclosure forms to APP-520 upon receipt. Standard Form-LLL, "Disclosure of Lobbying Activities," is the applicable standard form, and instructions with it are contained in Title 49 CFR, Part 20.
- c.** If a region becomes aware of these regulated activities by a sponsor, the region must take action to ensure that the sponsor provides the disclosure forms.

32. LIMITATIONS ON REGIONAL AIRPORTS DIVISION AUTHORITY.

Order 1100.154, Delegations of Authority, places certain limitations on the authority of the regional Airports Division Managers applicable to implementation of the AIP. Modifications of that directive and Order 1100.5, FAA Organization - Field, have been approved in the interim by the Associate Administrator for Airports (ARP-1). The limitations address critical authority, and delegations under separate directives also remain in effect.

While internal controls are currently in place to prevent some of these actions, regional Airports Division Managers may not undertake the following without prior approval of APP-1:

- a.** Add a new item of development or planning effort to a programmed AIP project without APP-1 approval when Washington review indicates that concurrence is required (See Paragraph 1060);
- b.** Divert any AIP funds to an airport site other than that for which it was intended when the allocation was approved;
- c.** Terminate any Grant Agreement on planning or development for cause without the prior approval of APP-1 when concurrence is requested upon Washington review;
- d.** Increase an allocation when funding requires an increase in funds of another Federal agency until that other agency has agreed to the increase in its grant (See Paragraph 311k); and
- e.** Change or modify the standard terms or provisions of the form of Grant Agreement and Application for Federal Assistance (Standard Form 424).

33. THE AIP FUNDING PROCESS.

This process is covered in more detail in Order 5100.20, "Program Control and Reporting Procedures for Airport Grant Programs". However, the following description of funding terms and procedures will give the reader a broad overview of the process from funding authorization to grant payments and recoveries.

a. Authorizing Legislation. The Airport Improvement Program is authorized by Title 49 U.S.C., as amended.

b. Authorizations. The enabling legislation contains authorization in the form of "contract authority" in dollars.

c. Appropriations. In the absence of further Congressional action, the contract authority may be used to fund grants. However, Congress has always included language in annual appropriations acts that has the effect of limiting annual grant funds to either the authorized level or to any different level determined by Congress to be suitable for economic requirements. These limitations are known as obligation limitations. Short term appropriations legislation sometimes is enacted in the form of a "Continuing Resolution".

d. Apportionments. There are two actions referred to as apportionments:

(1) The Act requires an apportionment of funds to be made each October to sponsors and states based on formulas in the Act. This notifies sponsors and states that these funds are available for eligible work, but does not involve any transfer of funds. These apportionments are more commonly referred to as "entitlements." (See Paragraph 25, above.)

(2) The other type of apportionment is made by the Office of Management and Budget (OMB) and it allows the FAA to obligate congressionally authorized AIP funds. The OMB apportionment is formally requested by the FAA, which provides a financial plan for orderly use of the funds. The financial plan is based on regional submission of annual program plans as requested by the APP-1 annual airport grant programming guidelines issued each spring. The OMB apportionment may contain restrictions on the use of funds such as restrictions on the amount that may be used quarterly.

e. Entitlements. The term "entitlements" refers to the passenger, cargo service, and state apportionments (including nonprimary apportionments when applicable) available to sponsors and states based on formulas in the Act. See d(1) above.

f. Planning Figures. APP-1 will issue planning figures in the annual airport grant programming guidelines and via telephone throughout the year. The planning figures do not constitute a transfer of funds but anticipate and usually will be followed by corresponding allotments. Planning figures issued in advance of Congressional appropriations may have to be revised if obligation limitations are higher or lower than expected.

g. Allotments. After the FAA receives an OMB apportionment, APP-1 will request the budget office to make an allotment of funds to regions to support previously issued planning figures. Allotments and adjustments to allotments will be made throughout the year as required.

h. Allocations. After a project is fully processed and approved, regions notify sponsors of an allocation of funds for the project. This is merely a notification of intent to grant (obligate) funds and does not involve a transfer of funds. Total allocations by a region can never exceed funds made available by headquarters to a region in either planning figures or allotments. Allocations based only on planning figures issued in advance of obligation limitations and apportionments may have to be withdrawn if final congressionally approved program levels are lower than originally expected.

i. Obligations. The execution of a grant agreement with a sponsor constitutes an obligation of the U.S. Government to pay the amounts specified in the grant. Obligations of funds are processed through regional accounting offices in two steps: A "reservations of funds" is made before the grant is signed and an "obligation" is reported when the grant is signed. Total obligations in a region may never exceed the total of funds allotted to a region.

j. Payments. Payments to a sponsor are made either through processing of requests submitted by a sponsor to the FAA or via a Letter of Credit arrangement. (See Chapter 13.)

k. Recoveries. As adjustments are made based on actual payments, funds may be recovered (de-obligated) from existing obligations and under certain circumstances may be re-obligated for new projects or for upward adjustments to existing projects. For block grants, funds are not normally recovered. They may be used within the block grant for other eligible projects. See Paragraph 1094h about block grant recoveries. For further information, contact APP-520.

l. Carryover. Funds apportioned for large, medium and small hubs, or states and Alaskan airports, remain available for obligation during the fiscal year for which the amount was apportioned and the two fiscal years immediately after that year. Funds apportioned for any non-hub or non-primary airport remain available for obligation during the fiscal year for which the amount was apportioned and the three fiscal years immediately following that year. Apportioned funds that have been unused are protected and carryover for the airports through the three or four year periods. Cargo entitlement funds carryover based on the airport's other categories as described above. See Table 4.

34. PROJECT APPROVAL AND CONGRESSIONAL NOTIFICATION.

Upon final approval by the Associate Administrator for Airports, the project is forwarded to the Office of the Secretary (Office of Congressional Affairs). That office provides notice of the project details to the appropriate congressional delegations as a courtesy so that they may notify their constituents. The timing of these notices to Congress is determined by the Secretary and tends to involve unanticipated delays. When appropriate notifications have been completed, the Secretary notifies APP-520. Regional offices are then notified so that further grant award actions can begin. For further information, see Order 5100.20.

35. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-102.

a. OMB Circular A-102 (Revised), Grants and Cooperative Agreements with State and Local Governments, is addressed solely to the federal agencies. It establishes consistency and uniformity among federal agencies in the management of grants as well as cooperative agreements with State, local, or federally recognized Indian tribal governments. The revised OMB Circular A-102 became effective on August 29, 1997.

b. OMB Circular A-102 is supplemented by a Government-wide regulation. It is directed to sponsors. The regulation applicable to the AIP is in Title 49, CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Title 49 CFR, Part 18 became effective October 1, 1988, except certain provisions on equipment and procurement, and prior versions of OMB Circular A-102 apply to earlier grants unless otherwise authorized.

c. The principal standards in Title 49 CFR, Part 18 of the regulations, as they pertain to AIP, are summarized in Advisory Circular 150/5100-16A. Attachments to the previous version of OMB Circular A-102, which provided fiscal and administrative standards governing grants to sponsors, have been incorporated into Part 18 with few changes. In addition, detailed guidance on meeting these standards is found in appropriate places throughout this Order.

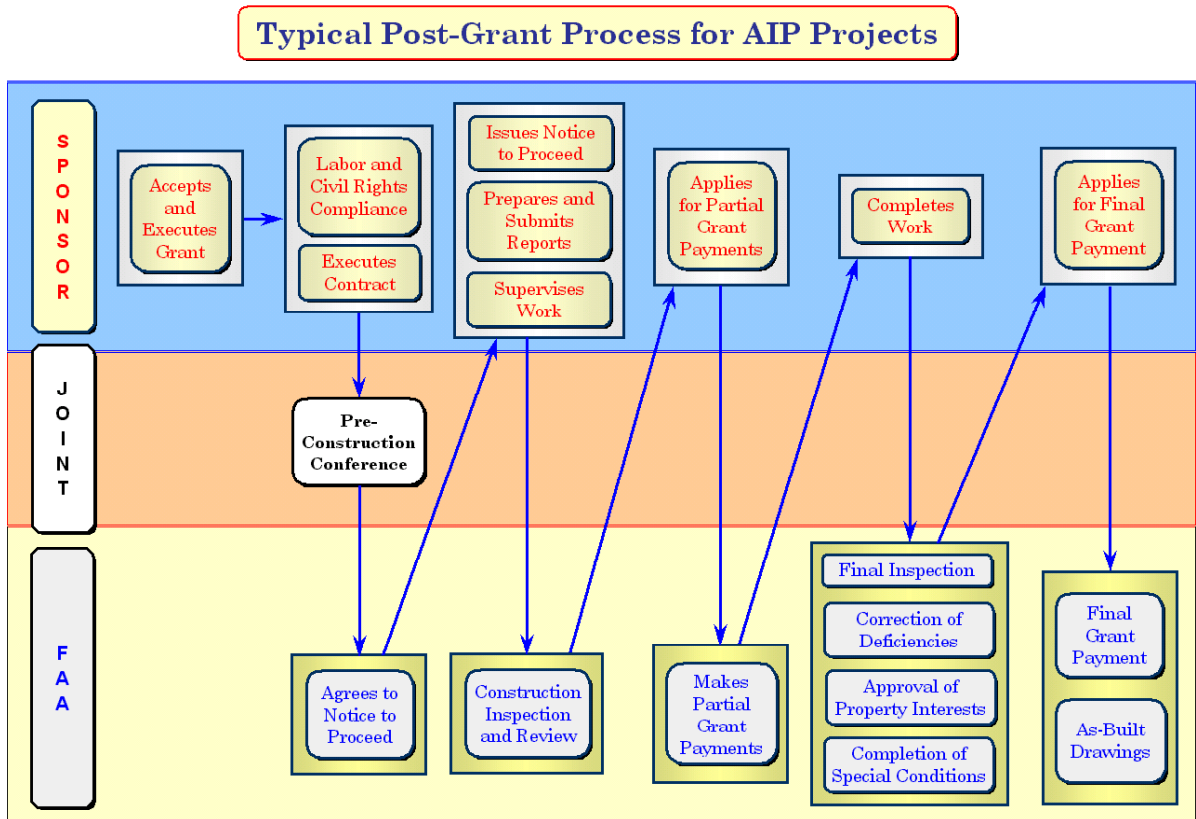
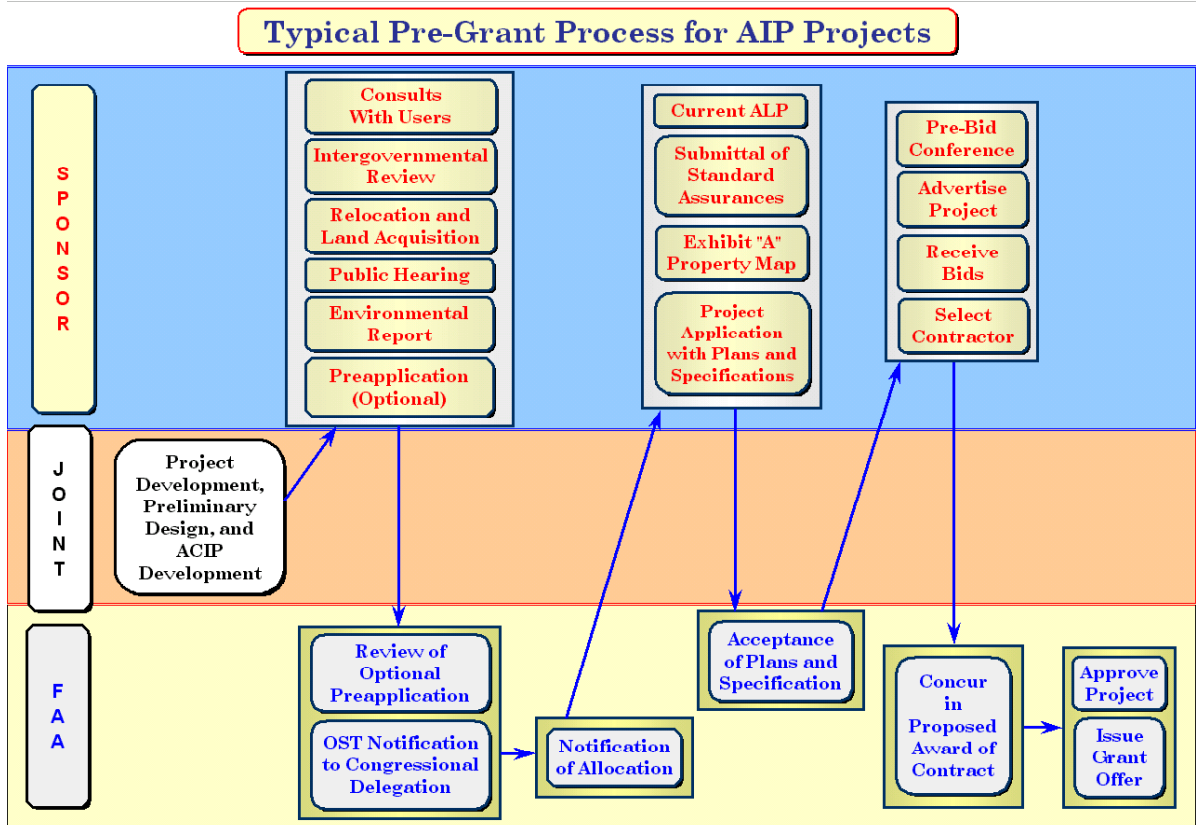


Figure 3 Typical AIP Grant Process

36. MANDATORY STANDARDS.

In complying with Assurance 34, a sponsor is required to comply with all appropriate technical guidelines incorporated into identified advisory circulars, and these standards become mandatory for the project being funded. The list of the advisory circulars is published electronically on the World Wide Web. Any guidance that needs to be specifically required for a project, other than that identified in the headquarters list of current advisory circulars, should be added to the project as a special condition. Standards in effect on the date of allocation of AIP funds to a project apply to that project. Standards that become effective after the date of allocation may be applied to the project by mutual agreement between the FAA and the sponsor. As allowed in Title 49 U.S.C., Section 47105(c), where states have established and the Secretary has approved airport development standards at nonprimary, public-use airports (other than standards for safety of approaches) the applicable State standards shall be used. Any modification to the technical standards of the advisory circulars identified must be processed in accordance with the procedures of FAA Order 5300.1, "Approval Level of Modification of Airport Design Standards".

37. USE OR TRANSFER OF ENTITLEMENT FUNDS.

Several arrangements allow use of entitlement funds at a different location than the entitled airport so unused amounts are not carried over each year for airports with no planned project. In addition, sponsors may have other reasons for using entitlements at a different airport that would be allowed under the law.

a. Use at Airports Owned by Primary Airport Sponsor. A sponsor may use primary entitlements for any airport owned by the sponsor that is in the NPIAS in accordance with 49 USC 47117(c)(1).

b. Transfer to Other Airports. A sponsor may enter into an agreement with the FAA to waive receipt of all or part of its entitlement funds provided the waived amounts are made available to the sponsor of another eligible airport in accordance with 49 USC 47117(c)(2).

(1) Funds included in a transfer should be primary, cargo service or nonprimary entitlements. State apportionments are not transferable. Each agreement should specify entitlements of only one airport. If nonprimary entitlements are proposed for transfer to a primary airport, contact APP-520.

(2) The receiving airport must be in the same State or geographic area as the airport of the sponsor making a waiver. In this paragraph, a "geographic area" means a multi-state area where the receiving airport is in the same or an adjacent Standard Metropolitan Area as the airport of the sponsor making a waiver.

(3) The waiver must be in writing using the form within Appendix 16 and include the following information:

(a) Name of sponsor (or other eligible entity such as a State) which is to receive the entitlement funds;

(b) Fiscal year of funds being transferred;

(c) Date by which transferred funds must be obligated if different than date such funds would be converted to the discretionary fund under provisions of the Act; and

(d) Sponsor attorney's certification that the waiver complies with all applicable laws and represents a legally binding commitment by the sponsor making the waiver.

(4) The sponsor waiving funds and the sponsor receiving funds may make separate agreements concerning the transfer that they feel are needed. For example, the sponsor waiving funds may specify the projects or that amounts be repaid in the future with the receiving airport's entitlements. However,

airports shall not transfer entitlements in return for a consideration or future obligation that is ineligible under the AIP. A copy of such a separate agreement should be included within the project file. The grant agreement with the receiving sponsor for a project including these transferred funds should include a special condition prohibiting unallowable consideration or future obligation as specified above.

(5) The transferred funds continue to be the entitlement funds of a transferee. Guidance on the use of such entitlement funds found in this Order is applicable.

38. STATE BLOCK GRANT PROGRAM.

Title 14 CFR, Part 156 sets forth regulations to implement the State Block Grant Pilot Program under Title 49 U.S.C., Section 47128, as amended. Policy and procedures for the program are individually arranged with the participating States. See Chapter 10 for specific block grant procedures.

39. LETTERS OF INTENT.

Processing an application for a letter of intent (LOI) is similar to the conventional grant application process. LOI approval is at the Washington headquarters level and immediately precedes the OST/Congressional notification. See Chapter 10, Section 8 for specific LOI procedures.

40. MILITARY AIRPORT PROGRAM.

Title 49 U.S.C., Section 47118 of the act states the Secretary can designate up to 15 current or former military airfields for inclusion in the Military Airport Program. These general aviation, commercial service, or reliever airports can receive grants for projects necessary to convert them to civilian use or to reduce congestion. Fuel farms, parking lots, hangars and certain other facilities are eligible for AIP funding participation under this program somewhat beyond that at other airports.

41. OTHER FEDERAL ASSISTANCE.

When airports need Federal financial assistance other than the AIP, regions might refer the airport to the Catalog of Federal Domestic Assistance at <http://www.cfda.gov/>. This Web site provides information on individual Federal funding programs.

42. FINANCIAL STATEMENTS.

AIP funding is included in FAA financial statements annually. Financial statements are independently audited to validate the accuracy of the statements of the FAA and the results reported by OMB to Congress.

43. CHANGE IN THE AIP PROCESSES.

Certain airport innovations and non-conventional technologies may require changes to the policy or procedures in this order. Increased use of new capital improvement concepts reflecting evolution of the technology and aviation system structure may affect airport design, development or operation.

Impacts on airport safety and Federal requirements resulting from changes may need to be evaluated or tested before a change is made. An example of a shift in program emphasis that has occurred over many years is the project eligibility and procedures for approving certain projects traditionally funded under the Facilities and Equipment program. If a change requires waiver from procedures in this order, see paragraph 5 on the requirement for approval by APP-1. For changes involving airport planning, finance, or construction, see paragraphs 400 and 504. Regions are encouraged to consult with APP-520 on potential changes in the AIP processes at an early stage to allow maximum flexibility.

44. - 199. RESERVED

Chapter 2. SPONSOR ELIGIBILITY

200. GENERAL.

Eligibility to receive funds under the AIP is contingent upon the type of sponsor and the type of activity for which funds are sought. The different types of sponsors that are eligible to receive funds are:

- a. Planning agencies;
- b. Public agencies owning airports;
- c. Certain public agencies not owning airports (as defined in Paragraph 207); and
- d. Certain private airport owners/operators (as defined in Paragraph 208).

A state, whether it owns an airport or not, may sponsor development at airports within the state. If the state is not the owner of the airport, please refer to Paragraph 209 below regarding policies and conditions that apply.

201. LEGAL AND FINANCIAL RESPONSIBILITY.

Sponsors must:

- a. Be legally, financially, and otherwise able to assume and carry out the certifications, representations, warranties, assurances, covenants and other obligations required of sponsors which are contained in the AIP project application and grant agreement forms; and
- b. Have the authority to act as a sponsor. An opinion of the sponsor's attorney as to its legal authority to act as a sponsor and carry out its responsibilities under the grant agreement will be required when deemed necessary or desirable.

202. CO-SPONSOR.

Any two or more public agencies desiring to participate in accomplishing a project may co-sponsor a project provided such public agencies jointly or severally meet the requirements of Paragraph 201a. above.

a. The terms and conditions of the grant agreement will jointly and severally bind cosponsors unless their respective rights and obligations with respect to an approved AIP project are otherwise set forth in a written agreement. A true copy of such agreement must be incorporated in or made a part of the project application submitted to the FAA office in whose jurisdiction the airport is located. The agreement shall, as a minimum, set forth:

(1) The responsibilities of each cosponsor to the other(s) with respect to the accomplishment of the proposed development, operation, and maintenance of the airport;

(2) The obligations which each will assume to the United States; and

(3) The names of the sponsor or sponsors who will accept receipt of and disburse grant payments.

b. A public agency that desires only to contribute funds to a sponsor need not become a sponsor or an agent of the sponsor. However, any funds contributed become funds of the sponsor(s) for purposes of the project.

c. Any other entity not meeting the requirements of Paragraph 201a may co-sponsor a development project only if an eligible sponsor co-signs the grant, and a written agreement must bind that sponsor to the terms and conditions of the grant.

203. AGENTS.

A public agency authorized by state or local law may act as an agent of the public agency that owns and operates the airport without participating financially in the project or becoming a sponsor. The terms and conditions of the agency and the agent's authority to act for the sponsor must be set forth in an agreement that is satisfactory to the Administrator, a true copy of which must be submitted for approval with the project application. Such agent may accept, on behalf of the sponsor, a grant only if that acceptance has been specifically authorized by resolution or ordinance of the sponsor's governing body and such authority is specifically spelled out in the agreement.

204. PLANNING AGENCIES.

A planning agency means an agency designated by the FAA Administrator that is authorized by laws of the State or states or political subdivisions concerned to engage in area-wide planning for the areas in which the grant assistance is to be used. For purposes of this paragraph, states include the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, the Government of the Northern Mariana Islands, and Guam.

a. **Typical State Planning Agencies.** Typical state agencies that are authorized by state law to engage in state airport system planning normally include planning offices, aeronautics commissions, and departments of transportation. In some cases, state law may authorize a system planning effort to be undertaken directly by the office of the governor. A legal opinion, supplied by the state agency applying for the grant and showing that state law permits the applicant to undertake the Federally assisted project, is a sufficient basis for determining eligibility. If the suitability of the applicant to undertake the effort is in question, the Administrator's designation of the planning agency will be based on:

- (1) Comments from the state Single Point of Contact (SPOC);
- (2) Comments from the governor; and
- (3) The capability of the applicant to undertake airport system planning in a comprehensive statewide planning framework.

b. **Typical Metropolitan Planning Agencies.** Typical planning agencies, which are authorized by state or local laws to engage in metropolitan area airport system planning, include Metropolitan Planning Organizations (MPOs), Councils of Government (COGs), Regional Planning Commissions, (RPCs) and other similarly organized agencies. In most cases, the planning agency will be in existence and have established boundaries. When it exists, the MPO designated by the governor shall be the sponsor or co-sponsor for metropolitan and/or system planning projects. If the MPO is not capable of engaging in area wide planning for the area in which the grant assistance is to be used, a co-sponsor agreement shall be worked out between a planning agency that has the capability to do area wide airport system planning and the MPO. This arrangement is needed to insure that airport planning is properly considered in the overall transportation planning process for the metropolitan area and vice versa.

205. DESIGNATION OF ELIGIBLE PLANNING AGENCIES.

Eligible planning agencies may receive grants for system planning.

a. **Designation.** All sponsors for system planning projects must be designated by the FAA Administrator. This designation authority is delegated to the Airports Division Manager and is implicitly accomplished when a grant request is approved.

b. Conflicting Applications. Where more than one agency applies for a grant for the same or similar planning project, and where identification of the appropriate agency empowered to do the planning is not clear, the FAA will designate the eligible applicant based on which one is most acceptable to do the planning. All parties should be requested to work through the FAA-designated grantees where they desire to conduct planning elements or activities.

206. PUBLIC AGENCIES OWNING AIRPORTS

a. A public agency means a state, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, the Government of the Northern Mariana Islands, and Guam or any agency of them; a municipality or other political subdivisions; or a tax-supported organization; or an Indian tribe or pueblo:

b. Public agencies owning public-use airports are eligible to receive grants for:

- (1)** Airport master planning;
- (2)** Noise compatibility planning;
- (3)** Noise program implementation projects; and
- (4)** Airport development projects.

c. Under systems planning projects, states may assist to identify appropriate public agencies and airport sponsorship arrangements for airports within their jurisdictions (See Paragraph 405w).

207. PUBLIC AGENCIES NOT OWNING AIRPORTS

a. See 206a above for the meaning of public agency.

b. Public agencies not owning public-use airports are eligible to receive grants for:

(1) Airport master planning to obtain necessary agreements and FAA site approval to acquire existing airports or develop a new airport;

(2) Compatible land use planning in areas around a large or medium hub provided the airport has not submitted a Part 150 program to the FAA (or has not updated its approved airport noise compatibility program within the preceding 10 years);

(3) Noise program implementation where such projects are for educational/medical buildings within the noise impact area at a public airport (or are included within the airport's Part 150 program approved by the FAA) and the compatible land use projects resulting from (2) above. See Chapter 8 about noise compatibility projects; and

(4) Acquisition of existing airports or development of a new airport.

c. The designation of public agencies not owning a public-use airport as eligible to receive a grant may be reviewed in system plan projects. See paragraph 405w. Designation is implicitly accomplished when a grant request is approved, and therefore needs careful consideration before issuance of grants to ensure proposals meet Federal requirements.

208. PRIVATE AIRPORT OWNERS.

a. This may be an individual, a partnership, corporation, etc., that owns a public-use airport used or intended to be used for public purposes that is a reliever airport or an airport that has at least 2,500 passenger boardings each year and receives scheduled passenger aircraft service.

- b. A privately owned airport sponsor, as defined in a. above, is eligible for funding for:
- (1) Airport development projects;
 - (2) Airport master planning;
 - (3) Noise compatibility planning; and
 - (4) Noise program implementation projects.

209. STATE SPONSORSHIP OF AIRPORT PROJECTS.

a. Title 49 U.S.C., Section 47105(a)(1)(B) allows State sponsorship of development projects, including master planning, for one or more airports. This provision is subject to three statutory conditions:

- (1) The sponsor of each airport shall consent in writing to State sponsorship;
- (2) There shall be administrative merit and aeronautical benefit to the State sponsorship; and
- (3) An agreement acceptable to FAA shall exist to assure compliance with appropriate grant conditions and assurances.

b. This provision could reduce FAA and State/sponsor workload by combining many grants into one and could provide economies of scale where appropriate through sole State sponsorship rather than numerous sponsorships. For instance, equipment could be acquired in quantity at potentially lower cost, several small and similar construction projects could be combined, or related airport master or layout plans could be prepared.

c. To simplify and promote national uniformity in the grant program, the FAA has developed a standard agreement (Appendix 26) to be signed by the sponsor of each airport included in a State sponsored grant. The signed agreement(s) should be provided by the State to FAA with the pre-application package. This will satisfy requirements in the statute that airport sponsors consent in writing to State sponsorship of work at their airports and assure compliance with grant conditions and assurances. Should the State wish to retain one or all obligations, sufficient details should be spelled out as an addendum to the standard agreement in the form prescribed by Paragraph 202 a.

d. Field offices should encourage State sponsorship if they determine there are administrative merit and/or aeronautical benefit in issuing a single grant for a number of related projects. This determination must be referenced in the project folder. When a project has mixed airport categories (types), each airport category and the associated discretionary and/or entitlement funds shall be reported to APP-520 when funds are reserved for the project.

e. Co-sponsorship of projects in accordance with Paragraph 202 remains an alternative to this procedure if all parties believe this to be more efficient.

f. State block grants, as described in Chapter 10, Section 9, are an alternative to State sponsorship of airport projects. The block grant projects are restricted to States having been selected for the program. A block grant requires more capability within the State aviation agency. The main difference between the block grant and State sponsorship of airport project requirements under Title 49 U.S.C., Section 47105(a)(1)(B) is responsibility for project selection. States select airport projects funded by the block grants. Under the State sponsorship provision, the FAA selects the projects. For the States that express interest in the block grant program prior to having been selected for such, regions should encourage its sponsorship of airport projects as a transition in the event that the State may be added to the program.

210. OTHER SPONSOR ELIGIBILITY.

For information on the status or eligibility of other project sponsor arrangements such as described in Paragraph 25, contact APP-520.

211. - 299. RESERVED.

This page left intentionally blank

Chapter 3. PROJECT ELIGIBILITY, ALLOWABLE COSTS, PRIORITY, AND DONATIONS

Section 1. PROJECT ELIGIBILITY

300. GENERAL PROJECT ELIGIBILITY REQUIREMENTS

a. Chapters 3 through 7 provide guidance on the AIP eligibility of various items, including planning, airport development, land acquisition, and noise program implementation projects. No attempt has been made to identify every possible project as eligible or ineligible. Consequently, if the eligibility of an item is not specifically stated, it is incumbent upon the Airports field personnel to determine if the item meets the general guidelines of these chapters or to consult with the Airport Improvement Program Branch (APP-520) if the eligibility is uncertain. However, no project grant application may be approved unless the Secretary is satisfied that:

- (1) The project sponsorship requirements have been met;
- (2) The project is reasonably consistent with the plans of planning agencies for the development of the area in which the airport is located;
- (3) Sufficient funds are available for that portion of the project not paid for by the United States;
- (4) The project will be completed without undue delay;
- (5) The airport location is included in the current version of the NPIAS; and
- (6) The project involves more than \$25,000 in AIP funds unless, in the judgment of the responsible Airports office, it would be in the best interest of the Government to award a grant of a lesser amount.

b. The Act allows the separate funding of projects for the preparation of plans and specifications, including field investigations incidental thereto. These will be funded only if they result in the complete preparation of plans and specifications for airport development work that has every expectation of beginning within two years. Projects involving only field investigations, such as pavement evaluation, will not be funded on a "stand alone" basis except in planning projects. Separate projects that involve construction design for completed work will not normally be allowed. Contact APP-520 if airports propose reimbursement for engineering costs exceeding a maximum increased United States obligation described in Paragraph 1142.

c. A current airport layout plan (ALP) that depicts the proposed project and which has FAA approval from the standpoint of safety, utility, and efficiency of the airport shall be required before a development project is approved. ALPs may be funded as part of master planning which is discussed in Paragraph 406g. ALPs may be funded retroactively upon grant approval as project formulation cost to add the work of the project onto the ALP and reflect actual conditions existing on the airport. If current design standards for the airport need to be reflected on the ALP, this work is eligible as project formulation cost. If an environmental assessment is needed for the project, the assessment is also eligible as project formulation cost. ALP approval requirements and conditions as well as FAA approval actions related to environmental impacts are discussed in Paragraph 428.

301. PROHIBITIONS

a. **Legislative Determination.** The Act specifically prohibits using AIP funds for decorative landscaping (See Paragraph 592), the provision or installation of sculpture or works of art, and for the construction, alteration, or repair of:

- (1) Public parking facilities for passenger automobiles;
- (2) A hangar except at nonprimary airports; or
- (3) Any part of an airport building except components associated with eligible facilities and those buildings.

The prohibition against public parking facilities does not apply to non-revenue facilities at nonhub primary airports or at nonprimary airports as described in Paragraph 526. In addition, the prohibitions contained in subparagraphs a(1) and a(2) above do not apply to airports designated by the Secretary under the Military Airport Program (MAP). See Paragraph 606.

b. FAA Policy Determination. Headquarters will make a determination on the eligibility of unusual projects on a case-by-case basis and based on FAA's interpretation of the intent of Congress. Appendix 1 lists those projects or work items found ineligible for funding. To insure a consistent national program, field offices must follow this guidance.

302. ENVIRONMENTAL REQUIREMENTS

a. All AIP projects, including projects for plans and specifications, require environmental processing prior to FAA approval. Every project will fall within one of the following categories:

- (1) Those requiring an environmental assessment or preparation of an environmental impact statement (EIS) or a finding of no significant impact (FONSI); or
- (2) Those that are categorically excluded.

b. Detailed guidance on the environmental process is provided in Order 1050.1, "Policies and Procedures for Considering Environmental Impacts" and in Order 5050.4, "Airport Environmental Handbook".

303. OFF AIRPORT WORK.

Work items must be located within the airport boundary to be eligible. The only exceptions to this requirement are:

- a.** Removal of obstructions;
- b.** Outfall drainage ditches. The correction of any damage resulting from construction of ditches is an eligible cost;
- c.** Relocation of roads and utilities constituting airport obstructions;
- d.** Relocation of roads and utilities to allow eligible airport development;
- e.** Installation or relocation of navigational aids (NAVAIDs), including markers;
- f.** Construction and installation of utilities;
- g.** Lighting and marking of obstructions;
- h.** Airport waste-water treatment plants;
- i.** Noise program implementation projects;

j. Environmental mitigation measures required as a condition of environmental approval (e.g., wetlands replacement); and

k. Aircraft Rescue and Fire Fighting Training Facility.

304. WORKS OF ART

a. **General.** It is FAA policy to support projects that contribute to the architectural and cultural heritage of local communities. In accordance with this policy, airport sponsors are encouraged in their early planning procedures to use design, art, and architecture to reflect local customs and history of the community or other cultural emphasis. This can be accomplished without impairing function, safety, and efficiency of the facility.

b. Definitions.

(1) **Design.** The process of arranging works of art, physical spaces, materials, and objects to perform specific airport functions.

(2) **Art.** Airport objects for aesthetic effect.

(3) **Architecture.** The design and construction of airport objects, including the character, structure, or site planning.

c. **Art Eligibility and Limitations.** Architectural treatment of the inside and outside of buildings to reflect local custom, style, or cultural attitudes is eligible. For example, the application of an adobe finish on the exterior and interior walls of a terminal in the Southwest would be eligible. Structural requirements that may be needed for works of art are also eligible. Examples of the ineligible costs in an airport development project include:

(1) Any art feature for areas not seen or used by the general public; and

(2) Art works for the sole purpose of aesthetic enhancement.

305. RELOCATION OR MODIFICATION OF FAA FACILITIES.

a. The relocation of an FAA radar facility or airport traffic control tower (ATCT), or modification in lieu of relocation is eligible when necessitated by an AIP or PFC development project on the airport. Other relocations or modifications are handled on a case-by-case basis. The sponsor is responsible for the cost of relocating or modifying these facilities under Order 6030.1, "FAA Policy on Facility Relocations Occasioned by Airport Improvements or Changes". The term "modification" as used in this paragraph is limited to those modifications that are required as a result of eligible airport development projects; for example, the installation of a directional localizer in lieu of relocating the localizer. Other modifications are chargeable to the Facilities and Equipment Program. The relocation of NAVAIDs and other public facilities for the convenience of the owner, or to increase their capability for use, is not eligible. If the FAA elects to install a new NAVAID in lieu of relocating the existing one, the sponsor's responsibility and, consequently, AIP participation is limited to the estimated relocation cost.

b. The acquisition and installation of interim NAVAIDs will be eligible when the regional office determines they are necessary to provide instrument capability during an extended period of time for construction.

c. For relocation of airport traffic control towers, if the ATCT is sponsor-owned, see Paragraph 593c; and where the facility may be owned by another non-Federal entity, see Paragraph 593a. If the ATCT is FAA-owned, see Paragraph 593b.

d. Consult APP-520 before approving relocation projects exceeding \$500,000.

306. PAVEMENT EVALUATIONS.

a. Pavement Condition Surveys. Pavement condition surveys are eligible as project engineering, master planning, or system planning. A pavement condition survey is a procedure for visually inspecting pavement surfaces, both flexible and rigid, for signs of distress resulting from the influence of aircraft traffic and climatic conditions. The procedure is described in Advisory Circular 150/5380-6. The purposes of a pavement condition survey include:

(1) Determining present condition of the pavement in terms of apparent structural integrity and operational surface condition;

(2) Providing the sponsor with a pavement condition index (PCI) for comparing condition and performance of pavements at airport(s);

(3) Providing the sponsor with a rational basis to justify, prioritize, and program airport development projects; and

(4) Providing feedback on pavement performance for validation and improvement of current pavement design.

b. Pavement Management Programs. A pavement condition survey is only an indicator of pavement condition at a point in time, and it involves little evaluation or systematic management of pavements. To be more useful for identifying cost-effective maintenance and rehabilitation, the pavement condition survey may be used in conjunction with a systematic approach to inventory and to evaluate data. As described in Advisory Circulars 150/5320-17 and 150/5380-7, pavement data may be evaluated at both the network and project levels.

(1) **Network Level.** The network level considers total pavements in a system or master planning context and examines general alternatives and time frames to maximize benefits. It is directed toward keeping acceptable performance while minimizing maintenance and rehabilitation costs. Network level evaluation may be for one or more airports.

(2) **Project Level.** Project level pavement evaluation usually focuses on one airport and results in detail appropriate to development project formulation, not planning projects. The objective is to assess causes of pavement deterioration, determine potential solutions, assess benefits of specific alternatives, carry out life cycle costing, and select the solution. At this level, sufficient information must be obtained to evaluate the pavement's structural capacity and determine the causes and extent of pavement deterioration.

(3) **Eligible Work.** Sponsors of planning studies desiring to establish a network pavement management program may properly request funding under that broad heading or some related title. The level of detail proposed should be reviewed to determine eligibility for system or master planning. More detailed studies at the project level are reserved for development projects.

(a) **System and Master Planning.** A pavement management program at the network level is eligible as systems or master planning. Work activities are limited to the following.

1. Network definition to divide pavement data into components for storage, retrieval, and evaluation;

2. Pavement condition survey to inspect pavement surfaces for signs of distress resulting from aircraft traffic or climatic conditions and development of a PCI;

3. Construction history including dates and pavement structure of new construction, overlays, and rehabilitation work. A determination should be made on an airport by airport basis that FAA pavement files are not current before funding this element;

4. Traffic inventory and load intensity for each pavement section;
5. Inspection scheduling based on minimum PCI levels and pavement deterioration rates;
6. Pavement condition projections based on rating network deterioration or improvement to determine the impact of deferring maintenance and rehabilitation;
7. Priority scheme and ranking of pavement sections by condition within various grouping options;
8. Maintenance and rehabilitation cost scheduling to develop average unit costs based on surface type, PCI ranges, and distress severity;
9. Budget planning to develop minimum target PCI levels for each pavement type in the network; and
10. Acquisition of available software dedicated to the study, e.g. Micro-PAVER, and the cost of computer time to store, process, and evaluate the data. Customizing of commercially available software is eligible only if reasonable in terms of the overall product needed.

(b) Master Planning Projects. Pavement testing is eligible primarily as an engineering cost in development projects. Master planning pavement tests may be approved by the region when costs of such testing are warranted based on a visual inspection.

(c) Development Projects. Activities at the project level of pavement evaluation are normally eligible under development projects as follows:

1. Friction surveying and friction measuring devices;
2. Nondestructive testing such as deflection testing, ground penetrating radar, and video logging;
3. Destructive testing such as soil borings, pavement cores, and soil strength tests;
4. Detailed evaluation of alternatives and development of engineering solutions; and
5. Engineering design work.

(4) Ineligible Work. The following pavement management activities are ineligible:

(a) Development and unnecessary customizing of software beyond that commercially available. This is research, not planning or design. The limit on customizing software is a judgment that depends upon use of the final product and overall value for the airport(s). For instance, the products of pavement management programs under system or master plan projects need to be individually compatible with other planning activities;

(b) Computer hardware and common use software, e.g. word processing;

(c) Pavement management programs at airports not in the National Plan of Integrated Airport Systems; and

(d) Day-to-day operational costs of running a pavement management program beyond periodic updating of the pavement management program.

c. Scope and Use of Pavement Evaluation under Planning Projects. Pavement condition surveys and pavement management programs under planning projects require special consideration:

- (1) Normally, pavement evaluation should be accomplished through master planning at major airports, with the State system plan covering other airports the State wishes to cover;
- (2) Pavement evaluation and updates for a particular airport should be accomplished in either the system plan or master planning. Duplication of pavement evaluation activities at a given time is ineligible;
- (3) Once a pavement evaluation program is undertaken, the sponsor must commit to keeping the data current through an update of the entire program or any other reasonable approach. For instance, a phased approach with one-third done each year is reasonable; and
- (4) Airport development identified through a pavement evaluation program should be reflected in the sponsor's capital improvement program.

d. Cost Guidance for Pavement Evaluation. The cost of pavement condition surveys and pavement management programs has varied widely. The methodology of each proposal should be reviewed carefully to determine that costs and employee-hours are necessary and reasonable. Questions about the cost of pavement evaluation should be addressed to AAS-200.

307. EQUIPMENT PROCUREMENT UNDER PLANNING GRANTS.

In general, the purchase of any equipment as part of a planning project is ineligible. This policy applies to the purchase of computer equipment as set forth in Paragraph 405u, office equipment, or any hardware even though its use is necessary to perform the planning work. Contact APP-520 for assistance on specialized instruments or hardware needed for planning projects.

308. - 309. RESERVED.

Section 2. ALLOWABLE/NONALLOWABLE COSTS

310. ALLOWABLE PROJECT COSTS.

OMB Circular A-87, Cost Principles for State and Local Governments, describes requirements on allowable project costs. The Single Audit Act of 1984, implemented by OMB Circular A-133, Audits of State, Local Governments, and Non Profit Organizations, establishes procedures to ensure uniformity in the process for making sponsor audits and allowable cost determinations by the Federal Government.

a. Direct and Indirect Costs. Subparagraph 310b provides indirect cost guidance and the remaining subparagraphs are on direct costs. For the purpose of computing the amount of an AIP grant, allowable project costs are a direct or indirect cost in accordance with OMB Circular A-87 paid or incurred under a planning project, an airport development project, or a noise program implementation project, which, in the opinion of the Administrator:

(1) Is necessary for the accomplishment of the project in conformity with the approved plans and specifications, approved program narrative, and terms and conditions of the grant agreement;

(2) Is reasonable in amount (or be subject to partial disallowance to the extent the FAA determines it is unreasonable). Review of a sponsor's price or cost analysis as described in Paragraph 907 provides a basis for determining reasonableness of costs in airport development projects based on bids. The review of plans and specifications as described in Paragraph 1005 provides a basis for determining reasonableness of costs in airport development projects based on estimates. For other projects, a reasonableness of cost determination should be based on similar work within other recent grants, the land appraisals, and the region's judgment about project negotiations or the scope of work;

- (3) Is supported by satisfactory evidence; and
- (4) Was incurred after the date of execution of a grant agreement; except that project cost incurred prior to execution of a grant agreement may be reimbursed in the following instances:

- (a) Study design necessary for a planning project;
- (b) Costs necessary to formulation of a development project, such as preparation of plans and specifications, preparation or revision of an ALP, environmental assessment, performance of a benefit-cost analysis and field surveys;
- (c) Land acquisition;
- (d) FAA-approved noise compatibility programs;
- (e) Work accomplished after the issuance of letters of intent (see Paragraph 1070); or
- (f) Costs incurred after September 1996 in the case of the funds apportioned to a sponsor as entitlements.

b. Indirect Costs. Indirect costs are allowable only if the sponsor has an approved cost allocation plan and, when required, an executed indirect cost rate agreement in accordance with OMB Circular A-87. Advisory Circular 150/5100-10, Accounting Records Guide for Airport Aid Program Sponsors, contains the basic instructions needed by the sponsor to prepare and submit the cost allocation plans and indirect cost rate proposals.

(2) A cognizant agency process is used whereby one Federal agency approves indirect cost allocation plans and rates on behalf of all other Federal agencies. This agency is generally the Federal agency that has the greatest dollar involvement with a given sponsor. Cognizant administrative responsibility within DOT is determined by the Office of Acquisition and Grant Management, M-60, in conjunction with the Office of Inspector General (OIG) and the operating administration involved.

(3) The FAA's responsibilities are included in Paragraph 1322. Responsibility for approving cost allocation plans and negotiating and executing the indirect cost rate agreement is delegated to the regional Airports Division Manager. The regional Airports Division should use Order DOT 4600.11, Principles for Determining Costs Applicable to Grants and Contracts with State and Local Governments. Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government, ASMB C-10, developed by the United States Department of Health and Human Services, dated April 8, 1997, also contains guidance for cost allocation plans as well as indirect cost rate agreements. Copies of ASMB C-10 may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

(4) Local governments are required to submit cost allocation plans and indirect cost rate proposals for review and approval. Regions should use Paragraph 1322 for additional guidance regarding audit responsibilities.

c. Project Administrative Costs. Necessary and reasonable direct administrative costs are allowable. No administrative costs can be allowed in connection with the accomplishment of a project unless supported by evidence that such costs were actually incurred by the sponsor and were necessary to the accomplishment of the project. When a sponsor intends to claim direct administrative costs, an Administrative Cost Plan may be required. This plan should be prepared to show the personnel, how the cost is specifically related to the project, and the type of documents or other evidence that will indicate the action is a direct involvement.

(1) Administrative costs incurred in connection with a project regardless of whether or not incurred by regular and continuing employees of the sponsor may be allowed only if they are properly supported and substantiated. Arbitrary or prorated administrative costs that are not or cannot be supported and substantiated, as having been incurred for the project shall not be considered as allowable project costs.

(2) Administrative services provided by contract are allowed if the contract meets the procurement standards of Title 49 CFR, Part 18.

(3) Project formulation costs incurred by a sponsor in the preparation of the pre-application and application and the necessary documentation including surveys, title examination, appraisals, relocation plan, preparation of environmental assessments, public hearing expenses, other necessary legal work, and administrative expenses are allowable.

(4) Sponsor attorney fees charged to a project must be reasonable. A breakdown of such fees must be submitted showing the portion of the total fee allotted to each class or type of service rendered and the appropriate amount of time devoted to each class or type of service. A determination is also needed that the legal expenses are attributable to State or local project issues rather than Federal requirements.

d. Study Design and Planning Costs. See Chapter 4.

e. Engineering, Construction Design and Project Formulation Costs.

The costs of engineering services needed in connection with an airport development or noise program implementation project are allowable provided they are reasonable. If not, only such amount as is determined to be reasonable shall be considered an allowable cost.

(1) Engineering costs can normally include the preparation of plans and specifications, initial field investigations, preliminary design, testing, cost estimating, preparation of bid documents, bid evaluation services, construction inspection, and technical consulting services to the sponsor.

(2) All contracts for engineering and planning services and force account (See Paragraph 1230 for a definition of force account) proposals must be submitted for FAA approval before execution of a new contract or extension of an existing contract or before performance of force account work. If appropriate, this may be accomplished by sponsor certification procedures as outlined in Chapter 10, Section 3. FAA should select contractors that prepare an environmental impact statement as described in Advisory Circular 150/5100-14.

(3) The costs of development of plans and specifications for items of eligible development included in a notice of allocation, but excluded from a grant offer, are allowable costs under the project. Federal participation in such costs, however, should be deferred until it is reasonably certain that the excluded development will be included in a grant agreement within two years. If such costs are included in the current grant agreement, procedures must be established to preclude duplication in a future grant for the development work itself.

f. Construction/Equipment Costs. The costs of construction or equipment necessary to complete the project according to the plans and specifications are allowable to the extent that they are reasonable.

(1) **Force Account.** Construction by sponsor's force account is considered construction done without the benefit of a contract or the services of a contractor. Sponsor's force account construction costs will not be allowed unless construction by that method has been approved in advance by the FAA. (See Chapter 12, Section 3.)

(2) Temporary Construction. If the FAA makes a determination that uninterrupted operation of the airport is necessary and that such operation could not be continued without temporary construction, costs of temporary construction are allowable even though a portion of the work cannot be salvaged. The cost of temporary measures needed to protect air and water quality is also allowable.

(3) Non-eligible Buildings or Facilities Removal and Relocation. The costs of removal and relocation of non-eligible buildings or facilities constituting airport hazards or which must be moved to carry out an AIP project are allowable up to the appraised value. See Paragraphs 582 and 593.

g. Legal Fees and Litigation Costs. Legal fees and related litigation costs determined to be necessary to the accomplishment of an AIP project and reasonable in amount are allowable. Legal fees expended by a sponsor defending a specification are not allowable. The Regional Airports Division Manager is responsible for determining what services are necessary for the accomplishment of a project and the reasonableness of legal fees and litigation costs under \$100,000. Legal fees and related court costs (including settlement amounts) of \$100,000 or more must be submitted to APP-1 for review and approval. In forwarding such matter for review, the region should include its analysis of the situation, its recommendation, and proposed method for payment. See Paragraph 310c(4).

h. Land and Relocation Assistance Costs. See Chapter 7.

i. Noise Compatibility Project Costs. See Chapter 8.

j. Audit Costs. See Chapter 13.

k. Special Situations. Where accomplishment of an airport development project cannot be carried out unless certain actions are taken, e.g. a court order or mitigation measure in an environmental program specifically stated as a prerequisite or a legal agreement between the airport sponsor and another party, the cost of taking such action may be eligible. If no precedent for these costs being eligible exists, APP-500 should be consulted on a case-by-case basis.

l. Program Administration Costs. Such costs are ineligible unless specifically allowed by a grant of exemption from the regulation. The program administration costs are those costs that are associated with administrative requirements of several individual AIP airport project grants. The program administrative costs described in this subparagraph are different than the project administrative costs within Paragraph 310c. For instance, the project administration costs are allowable under block grants, although the FAA does not normally allow a state's overall program administrative cost (such as preparation of airport grant information for sponsor's, reviewing the sponsor's grant application, or accounting for program expenditures).

311. NONALLOWABLE PROJECT COSTS.

The following costs are not allowed (See Appendix 1):

a. That part of the cost of acquiring an existing private airport that represents the cost of acquiring public parking facilities for passenger automobiles, hangars, and all other buildings not eligible as airport development. (The land on which these facilities are located is eligible if required for airport purposes.)

b. The cost of material and supplies owned by the sponsor or furnished by a source owned by the sponsor if the materials and supplies were used for airport development before the grant agreement was executed, or the cost of eligible material and supplies that is not supported by proper evidence of quality, quantity, and value.

c. The cost of non-expendable machinery, tools, or equipment owned by the sponsor and used under a project by the sponsor's force account, except the fair rental value of such machinery, tools, or equipment for the period it is used on the project.

d. Prorated share of otherwise eligible metropolitan area or statewide airport planning as an airport development project item.

e. Any costs incurred in connection with raising funds by the sponsor, including interest and premium charges and administrative expenses involved in conducting bond elections and in selling bonds. Such costs are ineligible unless specifically allowed by statute, regulation, or a similar provision.

f. The cost of preparation and adoption of an airport zoning ordinance except as part of an airport master plan or noise compatibility program.

g. Interest charges, except payment of interest directed by a court in a condemnation proceeding, which then becomes part of the condemnation award and allowable. However, where the amount deposited in court as fair market value was adequate and could have been withdrawn by the property owner without prejudice to his/her rights in the condemnation proceeding, such interest payment is not allowable. Participation in a mortgage (including lease-purchase or an installment land contract inherently involving the payment of interest) is ineligible except as allowed in Chapter 7. However, acquisition of life estate interests as described in Order 5100.37, Paragraph 3-10, is allowable. Negotiated agreements for deferred possession of real property assuring the payment of just compensation (e.g. sale/leaseback) may also be acceptable (Order 5100.37, Paragraph 1-45).

h. The cost of tuition, travel, and subsistence for a sponsor's planning personnel to attend airport planning courses, seminars, or conferences except conferences dealing exclusively with the approved work program. The grant program may not be directed toward training sponsor or contractor personnel. If the FAA is providing management or technical training, sponsor personnel may be allowed to attend on a space-available basis only after coordination with APP-1 or the Academy, although such costs are not allowable (in the same way as if the training had been undertaken by a non-FAA provider). However, if program administrative costs have been allowed under Paragraph 310k, training (as an element of such costs) may be eligible. See Chapter 5 for a discussion on the interactive training system.

i. The cost of obtaining liability insurance covering an airport sponsor (whether paid for by the sponsor or the contractor) is not an eligible cost under the AIP. This applies both to cases in which the insurance requirement is listed as a separate cost item in an invitation for bid (IFB) and in which the sponsor requires such coverage as a factor in bidder qualification. In either case, the inclusion in an IFB of the requirement for liability insurance coverage of a sponsor by a contractor is a shift of operating expenses into a grant project and must be either removed from the IFB or be bid as a separate cost item and disallowed. The costs for coverage to protect the contractor against losses related to the project, such as property and casualty insurance and additional liability coverage, insofar as they are reasonable components of overhead, are eligible for reimbursement under the AIP.

j. Costs incurred prior to a future grant agreement unless allowed by Paragraph 310a(4). The rule is that work cannot be accomplished prior to a grant agreement unless allowed in Paragraph 310a(4). Regions should also exercise care to ensure AIP funds are not approved for previously completed phased development or ineligible work.

k. Costs of other Federal programs. While joint Federal planning and decision-making should be encouraged, combining Federal project funding is illegal without specific authority to do so. Each of the Federal programs is supported by appropriations, and the legislated funding is a limitation on that activity. Certain exceptions to this provision have been made and are described within Paragraphs 514 and 557. In determining certain FAA reimbursement and accounting arrangements, such as in the use of these exceptions, general administrative overhead costs that represent the cost to the agency of indirect expenses should be waived for AIP planning and development projects. Contact APP-520 for guidance on planning or development projects proposed for AIP funding that are normally carried out and funded by another Federal entity (or for procedures required to obtain waiver of administrative overhead). Such project costs may represent improper Federal budget augmentation.

I. Activities associated with the lobbying for a project or influencing Federal employees as described in Paragraph 31. While the regulations on lobbying or influencing Federal employees do not restrict technical negotiations involving AIP projects, costs are unallowable except as provided within Paragraph 310. See Paragraphs 405n, 405o, 406n, 406o, and 922d.

312. - 319. RESERVED.

Section 3. PRIORITY SYSTEM

320. NATIONAL PRIORITY SYSTEM

A priority system for funds distributed at the discretion of the Secretary has been established to provide uniform criteria so that the funding is used more efficiently. The priority system is also available for considering use of entitlement funds and block grants. Projects are favored that best carry out the purpose of the Act, with highest priority given to safety, security, reconstruction, standards, and capacity, in that order. See 49 USC 47120 and 47128(d). The priority system does not consider all factors that states, local governments, or private sponsors use within their priorities. However, so that the objectives of non-federal entities are considered in project selection, the application of the national priority system is flexible as allowed under Order 5100.39, Airport Capital Improvement Plan.

321. - 349. RESERVED.

Section 4. DONATIONS, CONTRIBUTIONS, AND LOANS

350. GENERAL.

The value of land, labor, materials, and equipment donated or loaned to a sponsor may be credited toward the sponsor's share provided the donation is necessary to accomplish the project (except land as noted in Paragraph 351, below) and is one for which the sponsor otherwise would have paid. Proposed donations on which grant payments will be requested must be identified and a valuation agreed upon between the regional field office and the sponsor. This agreed upon valuation shall be set forth in the grant application. The project file must contain information used in arriving at this agreement.

Donated land implies a gift to the airport owner by another party for use by the airport for aeronautical purposes. The value of donated land is based on an appraisal by a competent appraiser and is the fair market value of the land at the time of conveyance to the sponsor.

Property currently owned and originally purchased by the sponsor cannot be treated as donated land. By definition, the sponsor cannot donate purchased land to himself or to the FAA. This transaction, involving previously purchased land, is considered as a project credit. Handling the valuation of the credit varies by type of airport sponsor and is covered in detail in Paragraph 722.

351. LAND DONATED TO SPONSORS.

Although determination of value of donated land involves some latitude, this discretion is limited to how much land can be included in the grant if it is not needed for the current grant. The FAA also must be confident that it is an "arm's length" transaction in which the donor receives no exclusive benefit or consideration as a result of the transaction. If there is or was any direct consideration flowing to the donor, the transaction is unallowable as a donation.

a. For land donations only, the regional field office may at its discretion agree to allow credit of donated land not associated specifically with the proposed grant project if it is AIP eligible land that the regional field office supports as needed for the airport and the FAA would have otherwise been willing to participate in its acquisition. If the established value of the donated land exceeds the local share of the project to which it is to be credited, the regional field office, at its option, may agree to carry over for future credit against another eligible project the unused portion of the value of the donated land.

b. The value of the donated land that FAA will allow to be credited towards the sponsor's share of a project will be determined using a conservative approach. The maximum value allowable for donated land is the market value of the land at the time of conveyance to the sponsor. The market value is established by an independent qualified appraiser selected by the sponsor and approved by the FAA. The FAA should carefully review the appraisal before agreeing to the recommended value to ensure it appropriately reflects the value at the time of conveyance to the sponsor. A final determination of both the validity and value of the donation will normally be based on the following information, as applicable:

(1) Validity of the Donation.

(a) All documents pertaining to the transaction, including:

1. Whether the donation has been consummated or is prospective;
2. The identity of the donor;
3. Financial condition of the donor;
4. How the land was acquired by the donor;
5. The actual relationship between the donor and the sponsor, whether personal, contractual, or otherwise; and
6. Identification of any benefit or consideration flowing to the donor as a result of the transaction.

(b) After the necessary information has been collected, the following must be considered in determining the validity of the donation:

1. If the donor is or was, in fact, acting as agent or otherwise for the sponsor in obtaining and conveying the land to the sponsor, the transaction is not a donation, and no part of the claimed value will be allowed;
2. Any provision for reversion of the donated land to the donor will make the transaction unallowable as a donation except where the reversion is only to be effective if and when the donated land is no longer used for airport purposes. In this event, the impact of the reversion provision should be reflected in the value established for the donation;
3. If there is or was any direct consideration flowing to the donor (excluding tax benefits or future appreciation to other land owned by the donor in the vicinity of the airport), the transaction is unallowable as a donation. If the donor conveys an airport or the site to a public agency without monetary consideration, but restricts the use of the land for airport purposes and reserves to himself the right to exclusive use of a certain portion for the conduct of a fixed base operation together with the right of use of the landing area and other public use facilities in the conduct of his business, the transaction will not be considered a donation; and
4. The reservation of only a right of use of the public use facilities of the airport, in common with others, is not objectionable because that is a right of the donor, as a member of the public.

(c) Value of the Donation.

1. Copy of the deed conveying the land to the sponsor;

2. Copy of any agreement between the donor and the sponsor relating to the conveyance or to any rights reserved by or granted to the donor in connection with the future use of the land or the airport;

3. Date of acquisition by donor and price paid by donor, or if property was acquired by the donor through inheritance or gift, the value affixed to such property for tax purposes at the time of acquisition;

4. Whether the land has been improved since acquisition by the donor, and if so, the nature and cost of the improvements and when and by whom made; and

5. Other available pertinent information relating to the value of the land at the time of conveyance to the sponsor and the circumstances surrounding the transaction.

352. LABOR, MATERIAL, EQUIPMENT, AND SERVICES DONATED TO SPONSORS.

Similar to donated land, the validity and value of the donation should be determined using a conservative approach. The evaluation should be based on the following:

a. Validity of the Donation.

(1) Where the donor receives a reciprocal benefit from the airport as a result of the donation, the donation cannot be considered valid. An example of this is the dumping of excess material on an airport site by a party who is doing so for the primary purpose of clearing or excavating and is, in fact, abandoning such material. In such a case, the excess material is not an item for which the contributor would have made a charge. As another example: Where a utility company removes a utility line from a location where it conflicts with airport development or operations, and such removal is undertaken by the utility company to serve its own purpose rather than at the request of the airport owner, the removal shall not be considered a donation; and

(2) If the donor is or was, in fact, acting as agent or otherwise for the sponsor in obtaining the equipment, labor, services, or material, the transaction is not a donation, and no part of the claimed value will be allowed.

b. Value of Donation.

(1) The value of the donation should be determined in the same manner as sponsor force account work, as outlined in Paragraph 1233, except for personnel costs.

(2) The current prevailing wage rate for the various classes of labor in the particular locality should be paid for donated labor, except in those cases where it is determined that a lower wage scale is proper in view of the lack of skill and experience of the donors of the labor.

(3) The same principle is applicable to other types of donated personal services such as engineering services, legal services, etc., in that the applicable prevailing fee for each type of service may be considered the fair value of the service rendered.

(4) Donated material, equipment, and supplies shall be valued at current market value at the time they are donated to the project.

353. TREATMENT OF DONATION CREDITS IN THE GRANT AGREEMENT.

The project description should clearly reflect the phrase "credit as the complete (or partial, if appropriate) local share the donation of ..." with a specific description of the land, labor, material, services, or equipment donated. The description for donated items should not read "acquire or reimburse" since neither is appropriate. The amount to be credited, where the sponsor's complete local

match is to be covered by the credit, must reflect a value that covers the additional local match required for the donated item. As an example, assume a project consists of construction of a runway extension and the sponsor proposes to use donated runway protection zone land as its local match. If the location receives 90 percent Federal participation and the value of the land is \$50,000, the maximum value of the project (runway extension and land) would be \$500,000 and the AIP grant would be \$450,000. If the runway extension itself cost \$500,000, then the minimum value of the donated land would have to be 10 percent of the combined value of the land plus runway extension or \$55,555. This value can be determined by dividing 10 percent of the value of the runway extension project cost by 90 percent. On page 2 of FAA Form 5100-37, Conditions, the maximum obligation shall be restricted to the resultant Federal share of the project; and the breakout in Condition 1 shall reflect the airport development item and not the donated item to be credited as the local share. In general, except as noted above, the project application rather than the grant agreement will be the vehicle to clearly identify the pertinent facts associated with the credited item. In the case of donated land to be credited, the Exhibit "A" should clearly identify the portion of land credited and the AIP project to which it applies. This allows record keeping if unused land is approved in the future in accordance with Paragraph 351.

354. - 399. RESERVED.

Chapter 4. PLANNING PROJECTS

Section 1. PLANNING PROJECT SCOPE AND ELIGIBILITY

400. THE PLANNING PROCESS.

Airport planning should lead to the effective use of airport resources in developing an efficient network of airports for current and forecast needs. The planning process should produce a plan of action to develop airports consistent with local, State, and national goals. The planning process precedes development and will include analysis of the interrelationship of some or all of the project elements described in Paragraphs 405 and 406 to achieve plan implementation. To ensure the effective outcome of the planning process, the major airport issues that concern the FAA, the sponsors, airport users, and the community shall be clearly identified prior to the initiation of planning projects.

a. Airport Planning. The AIP process focuses on the area-wide system plan and individual airport master plans to accomplish rigorous analysis of proposed development. Airport planning is frequently a complex endeavor that involves a wide array of decision makers at various levels in the public and private sectors. For instance, coordination with the Operational Evolution Plan process for the airports having significant demand-capacity issues will harmonize activities and foster agreement on a collective course of action within the aviation community.

b. Problem Solving. The central concern of airport planning should be the issues identified by government and industry leadership. Each of the AIP planning projects should provide plans or other products linked with existing programs to solve the identified problems or satisfy airport needs. The basis for initiating a planning project should be an assessment that the current airport plan is inadequate. While there are common components to most plans, the scope, scale, timing, analytical techniques, and organization of study participants should relate to the specific set of problems the study must resolve. The intent is to ensure airport preparedness on specified objectives for the future.

c. Intergovernmental Coordination. The planning process should be continuing, cooperative, and comprehensive to the degree appropriate based on the complexity of airport or transportation problems. See Title 49 U.S.C., Section 47101(g)(1) about this "3-C" planning process that is also used for surface transportation programs. Plans must be coordinated with state aviation agencies, airport management, Title 49 CFR, Part 1542 regulatory agents and FAR 139 inspectors, as well as appropriate technical analysis involving each component of the airport transportation system.

d. Satellite Navigation. Problem solving in airport studies should address transition to satellite navigation and be consistent with the current version of the National Airspace System Architecture. Policies, procedures, budgets, authorization, and organizational arrangements may be expected to change during the transition to the global positioning system. Regions must continue planning with these changes and use of applicable current requirements, such as the designation of instrument runways as described in Order 7400.2 on handling airspace matters.

e. Intermodal Planning. Intermodal planning activities to achieve the policy of efficiently connecting different forms of transportation are described in Title 49 U.S.C., Section 47101(g)(2) and the Clean Air Act amendments of 1990. Funds administered by the Federal Highway Administration are directed through the metropolitan planning organization (MPO). Airports are encouraged to become involved in MPO system planning. Federally funded airport access projects should be coordinated by the MPO and listed in its transportation improvement program under 23 CFR Part 450 to promote a seamless airport intermodal transfer. Airports are encouraged to complete planning projects that are consistent with system forecasts, ground access and air quality studies, land use planning, as well as other MPO information, procedures, plans, or policies.

401. ELIGIBLE PLANNING PROJECTS.

Eligible planning projects include integrated system plans for a network of airports within States or metropolitan areas, and master plans for an existing or new individual airport. Specific study elements of system and master planning projects, such as an airport capital improvement plan (ACIP) or a noise compatibility program, are eligible as a supplemental project. System and master planning projects may be based on short-, intermediate-, and long-range forecasts of aviation demand, usually 5, 10, and 20 years. This relates the various projects in phased master plans, plan updates, and continuous planning. However, supplemental projects for specific study elements may rely on any of the above forecast periods or may be developed without reference to timing.

a. General. No specific amount is set aside for planning, although approximately 2 percent of funds made available annually for airport grants since 1970 have been used for those projects. Notwithstanding other statutory provisions limiting State apportionment funds to nonprimary airports, system plan projects may be funded from that category even if they involve one or more primary locations in accordance with Title 49 U.S.C., Section 47114(d)(6).

b. State Airport Systems Planning. An integrated State airport system plan is the representation of aviation facilities required to meet immediate and future needs as well as achieve overall goals of the State. It recommends the general role, location, and characteristics of new airports or the nature of expansion for existing ones. It shows the timing and estimated cost of development, provides a mechanism to prepare ACIP as well as NPIAS data, and can relate to objectives of the State. (NPIAS data includes based aircraft, passengers, service level, annual service volume, development projects, and project costs.) Where the State contains areas for which metropolitan airport system plans are to be prepared, it is necessary that those be integral components of the State's plan. State system plans provide a basis for the preparation of detailed airport master plans. Guidance for the airport system planning process is contained in Advisory Circular 150/5070-7.

c. Metropolitan Airport Systems Planning. A metropolitan airport system plan usually covers one or more metropolitan statistical areas defined by the Office of Management and Budget, a State planning region, or other areas. A metropolitan system plan should become a part of a State system plan as indicated in Paragraph 401b. Metropolitan agencies may request separate financial assistance from the FAA to supplement State planning if airport problems require a higher level of effort in the local area than would be provided as a part of State-wide analysis. Metropolitan areas with a hub airport that annually has 0.25 percent or more of United States enplanements (medium and large hubs) are routinely eligible for system planning grants. Exceptions to this hub airport criterion may be considered on a case-by-case basis and shall be coordinated with APP-400. Guidance for the preparation of metropolitan airport system plans is described in Paragraph 401b.

d. Continuous Systems Planning. Routine activities conducted on an ongoing basis, in addition to infrequent major updates, can qualify as system planning. Continuing surveillance and coordination, periodic plan reevaluation, special studies, and interim or formal updates may be included.

(1) Annual Planning Products. When continuous planning is approved, it shall be structured to produce specified end products to document the planning process. As a minimum, annual ACIP and NPIAS data will be required. Public participation should be recommended.

(2) Planning Cycle. Each system planning project should generally be limited to work which is to be completed within one year. The annual projects are accomplished on a continuing basis with a complete cycle of elements and updates typically requiring three to five years.

e. Airport Master Planning. An airport master plan represents the sponsor-approved actions to be accomplished for phased development of the airport. It presents the research as well as logic from which the plan evolved and displays the plan in a graphic and written report. Master plans address the modernization or expansion of existing airports and site selection as well as planning for new airport

locations. Elements included in master plan projects must be linked to whatever system planning perspective has been established, especially for visible issues such as airport surface access and military base reuse. Master plans should include preparation of ACIP and NPIAS data. Guidance for the preparation of airport master plans is contained in Advisory Circular 150/5070-6.

(1) Planning Sponsorship. Airports are normally the sponsors of master planning projects. State or MPO sponsorship of detailed master planning as described in Paragraph 405z is an eligible system plan project subject to written agreements with airport sponsors. The agreements should establish concurrence on the scope of work, responsibilities of the participants, and uses of plans. However, the agreements do not need to be in the form specified in Paragraph 209. Master planning for an airport should be limited to work that is not available or current in existing plans.

(2) Master Planning Updates. Periodic updates of master plan elements are typically needed on a five-year cycle for active airports, although timing may vary. For airports with relatively stable aeronautical activity, a ten-year cycle may be adequate. However, unusual aeronautical activity changes, and a change in design standards, may signal the need for a special planning study in less than five years.

f. Airport Noise Compatibility Planning. Noise compatibility planning for an airport generally includes the preparation of noise exposure maps and a noise compatibility program in accordance with FAR Part 150. Airport noise compatibility planning may be accomplished as part of airport master plan projects or as a separate project, although it must consider the master plan. A noise compatibility program needs to be a stand-alone document if submitted to FAA for approval in accordance with Part 150.

402. THE AIRPORT CAPITAL IMPROVEMENT PLAN (ACIP).

A capital improvement program is the compilation of planned projects for the next three to five years including the priority, costs, and expected funding sources for each project. Capital improvement programming may be accomplished as a part of airport system or master planning projects and in a supplemental project.

a. Required ACIP Activities. The individual airport and/or State capital improvement programs are used as a basis for the FAA's annual ACIP. The FAA should work closely with sponsors and require the use of ACIP procedures as described within Order 5100.39 to establish an overall financial plan for airports that is realistic. Regions should normally approve any planning project application for capital improvement planning/programming unless the proposed work is ineligible, untimely, or unwarranted (See Paragraph 428f).

b. Justified Airport Development. The NPIAS contains the airports eligible to receive Federal funds and identifies the warranted facility development for a ten-year period. The sponsor's capital improvement program should focus on identifying funding sources for all types of airport development rather than relying exclusively on the AIP. The ACIP should selectively include the work forecast to be justified over a three to five-year period (See Paragraph 428a). Projects that are ineligible or currently insufficiently justified by local demand and forecasts should not be included in the ACIP. Since airport development project approval is dependent upon established aeronautical demand, planning projects should clarify timing and sizing of facilities so sponsors understand when AIP funding may be justified. The FAA should normally request business planners for airport tenants to provide written input at the planning stage to identify their requirements rather than simply using the sponsor's interpretation of them.

403. PLANNING WORK SCOPE REQUIREMENTS.

No airport planning project activity shall be approved unless it meets the following requirements, which ensure each product will be appropriate for FAA approval actions described in Paragraph 428.

a. Study Design and Structure. The structure and work scope of a planning study should be tailored according to the individual requirements for the airport or system of airports being studied. For most simple projects, this involves identification of issues and selection of appropriate work elements relying heavily on Paragraphs 405 and 406. FAA should concur on the proposed cost of the study design prior to preparation of the study design.

(1) Complex Projects. A more extensive study design is recommended in complex projects to specifically identify project goals, the level of effort for each activity, and participants based on the community decision-making structure. The study design and goal setting should normally be accomplished by a combined consultant-sponsor effort.

(2) Selection of Work Elements and Activities. Paragraphs 405 and 406 describe the elements that should be considered for a study. The enumerated elements generally involve sub-elements or activities. However, the work scope need not include all the elements listed, or the elements may be very abbreviated. (For example, rather than develop new forecasts or capacity analyses in a master plan for a small airport, it may be desirable to obtain these from system planning and other current sources. Consequently, the work scope would not contain a detailed forecast or capacity element.) Each item in the work scope should contribute to defining and resolving specific problems. Items in the planning advisory circulars that are not relevant to a study should be omitted. Elements not listed in Paragraphs 405 and 406 are ineligible unless approved by APP-520.

(3) Supplemental Projects. Study elements (such as an ACIP or noise compatibility plan) may be funded as supplemental projects if they are required to satisfy a specific airport need (See Paragraph 300b). Supplemental projects shall be designed to supplement a basic system or master plan (as defined in Paragraphs 405 and 406) that FAA has determined to be current in other respects.

(4) Relation to Airport Development. The system/master planning should affect the official recommendations for establishing or revising the planned airport role and/or development and facilitate informed decision-making on such plans. The tasks required only for the sponsor's administrative, management, or operational purposes are not eligible.

b. Planning Phases and Products. The work scope for system and master planning projects must show that complete, cohesive, as well as usable plans or other products will be produced. The form of the products expected must be well-defined, e.g. technical analysis, drawings, reports, or approval by appropriate agencies.

(1) Project Phasing. A planning project should normally be separated into several phases if it involves uncommitted airline service, site selection, intensive environmental assessment, system plans, or unusual resources. Each phase may be a separate grant. This will facilitate review of plans or elements, such as site selection studies and environmental assessments, to ensure progress is made before new funds are committed. Generally, no more than three planning projects under the same sponsorship for a location or area should be open at one time. When multiple planning projects are undertaken, each shall specifically recognize the relationship between products of previous and ongoing studies so they can be clearly separated in the grant agreements.

(2) Approval at Key Points. Tentative approval of products by the sponsor and FAA may be required by the region at key decision points or milestones before proceeding with a study. Changes in the structure of the study may be required. FAA review should ensure that products in the study will be usable, timely, and complete.

c. Force Account Work. Force account may be requested for some work to establish and maintain a local or State aviation planning capability. If force account is proposed, there should be a clear understanding with the sponsor prior to the grant that FAA will fund only work associated with planning for airport development. The scope of planning shall be consistent with guidelines described in Paragraph 310c on administrative costs.

d. Coordination and Jurisdiction. The sponsor should coordinate the draft work scope with FAA and other interested parties to establish the availability of existing data or to delete activities better accomplished by other agencies. This will help ensure the products are mutually useful for each local, MPO, State, or Federal program and that airport development funding sources are identified. The work scope for planning by more than one agency for the same airport/area needs special coordination during study design. This may occur whenever State and metropolitan system plan projects coexist, and when sponsors propose transportation or land use planning outside the airport boundaries. Planning grants are frequently the first AIP projects approved for a sponsor. Therefore, the FAA review should determine that the proposed sponsor has appropriate jurisdiction to carry out or influence the planning recommendations and is capable of implementing the plan (See Paragraph 201).

e. Study Area. The basic organization, work scope, and approach of system or master planning shall focus on a study area that will be useful in solving airport problems. (For instance, planning a new airport in a metropolitan area may involve geographic areas beyond the jurisdiction of any single governmental entity.) Cooperation in the form of interagency agreements with adjacent local jurisdictions and/or States should be required by the FAA whenever airport site requirements go beyond the sponsor's jurisdiction. Where specific study areas are unknown, the sponsor should establish a policy for achieving coordination with other jurisdictions.

f. Action Plan. The work scope should include an action-oriented plan and/or program that will lead to implementation where the FAA and sponsor agree such a plan would be beneficial in carrying out recommendations. The action plan should identify activities and responsibilities at a level of detail appropriate to the nature and timing of the recommendations. (For example, an action plan should always be included with pavement management studies.)

g. NPIAS Airports. For master plan projects, an airport must be included in the National Plan of Integrated Airport Systems. However, alternative site evaluations for replacement or supplemental airports may be funded without a new airport being added to the NPIAS pending a determination that the new location is justified and/or feasible. For system plan projects, non-NPIAS airports may be included where the cost of a work activity is nominal, e.g. general inventories, forecasting, or facility requirements. System planning activities involving significant cost, such as pavement or obstruction surveys, are ineligible at airports not in the NPIAS.

h. Standards and Priorities. Measures of airport standards, activity, condition, and performance, or indicators for goal achievement, should be evaluated to ensure safe and efficient operations, add capacity, and minimize environmental impact. The national priority system described in Section 3, Chapter 3, or the procedures and criteria in it, should be the basis for evaluating airport development projects. State standards and priorities, which have received endorsement by the FAA, may be included within a work scope. Standards or priority systems other than those approved by the FAA may also be identified within the work scope. Use of several sets of standards and priorities in a planning project may be necessary in such cases to evaluate the plans.

i. Military Base Closures. Work scopes must include consideration of former military bases where that may be appropriate. Former military airfields that may not appear to have immediate aeronautical use should be considered under State or metropolitan system planning effort to determine alternative uses.

404. ELIGIBLE STUDY ELEMENTS AND ACTIVITIES.

The elements that are eligible for funding as part of airport system and master planning projects are described in Paragraphs 405 and 406. Although many system and master planning elements are similar in name, they differ in scope or detail. System planning is area-wide in nature and intended to set the framework for master plans. Master planning elements contain far greater detail than system plans and serve as the basis for design as well as engineering (See Paragraph 1002). Planning to meet requirements for airport development may be a project formulation cost. Except for study design or

FAA-approved noise compatibility programs, the cost of work performed on planning projects will not be allowed unless incurred after the date of the grant agreement. Contact APP-520 if a sponsor proposes the use of their entitlement funds for cost reimbursement of planning projects under Title 49, U.S.C., Section 47110(b)(2)(C).

405. SYSTEM PLANNING ELEMENTS.

A basic airport system plan normally includes items described in Paragraphs 405a through 405q, and special studies may cover the remaining elements as needed. However, projects should include only those of the following elements or activities required to produce a plan that meets the sponsor's needs:

- a.** Study designs to identify the framework, parties involved, organizational arrangements, major airport problems to be resolved, specific objectives, scope of work, time schedules, and cost breakdowns for projects;
- b.** General site inspections, inventories, and surveys, including goals, airports, user preferences, and secondary socioeconomic data. This is limited to collection of data to be used for analysis in planning projects;
- c.** Forecasting for justification of proposed airport development in terms of existing or forecast aviation activity levels and aircraft mix. Forecasting is limited to simple methods and assumptions that establish the components or dynamics of demand for aircraft operations, based aircraft, passengers, cargo, and/or ground access. A high and low range of forecasts in addition to the preferred forecast is eligible to identify consequences of uncertainties such as decisions on economic developments or new airline service. Application of complex statistical forecasting techniques or market research is eligible only to the extent that costs do not exceed those of simple methods above (See Paragraph 428a);
- d.** Capacity analysis of airport systems based on airfield, terminal area, and surface access to provide for determination of capacity values, identify causes of delay, analyze alternatives, or develop input to a capacity enhancement plan;
- e.** Capacity analysis of airspace based on air navigation aids, communication facilities and natural or man-made obstructions that affect the use of airspace. This is limited to that needed to support airport system development. Contact the regional Air Traffic Division and the Director of Operations Planning Performance Analysis (ASC-1) for assistance on airspace policy, airport capacity, or en-route issues;
- f.** Facility requirements determination including analysis of the suitability, expansion possibilities, and safety deficiencies of existing airports; the general location and need for land bank programs or new airports; and analysis of the compatibility of airports with surface access plans and comprehensive planning. This includes evaluation of satellite navigation opportunities, airport or terminal navigation aids, and airport traffic control facilities;
- g.** Analysis of a reasonable number of alternative airport systems including feasibility and sensitivity analysis, contingency plans, as well as evaluation of safety, efficiency, environmental impacts, energy considerations, or cost;
- h.** Preparation and adoption by the sponsor of the airport system plan for forecast periods (as defined in Paragraph 401) including airport role assignment, design type, major facilities, and cost estimates;
- i.** General land use, noise, air quality, and other environmental studies to consider the impact of airport development on the environment and the protection of airports from neighboring areas. This is limited to work for area-wide application or specific classes of airports, except in site selection or master plan studies;

- j.** Schedules of plan implementation describing the staging of airport land acquisition and development based on aviation demand forecasts;
- k.** Projection of funding required from public agencies as well as the financial community or other private sources to implement the plan and revenue generated from improvements. This includes a financial plan linking AIP, Passenger Facility Charge program, Facilities and Equipment program, contract airport traffic control tower program, or other such Federal, State, local, and private sector funding;
- l.** Capital improvement programs (See Paragraphs 402 and 428f);
- m.** Preparation of NPIAS documentation for airports meeting entry criteria (See Paragraph 428f);
- n.** For areas with a hub airport that has 0.25 percent of enplanements (medium and large hubs), regular meetings of local, MPO, and State agencies, sponsors and other participants. The meetings may be required to discuss capacity problems, facilitate the progress of official planning or other actions, and make informed decisions. This is appropriate only when representatives of local, MPO, and State agencies agree to participate. Any task with the primary intent to influence people or lobby for a project is ineligible;
- o.** Study coordination and reports. For small hub or smaller areas, a limited number of meetings will be allowed for a single advisory committee to exchange information or negotiate between elected decision makers, other officials, and/or representative technical advisors. Public hearings and community involvement sessions that facilitate informed decisions are eligible as is the printing of a reasonable number of reports and graphics. The number of copies of technical documents should be limited through wide distribution of summary reports. Videotape or similar audio/visual presentations are eligible only to the extent they are used to replace or supplement printed material that would have been prepared in conjunction with public information briefings, executive summaries, or similar briefing activities of the study (See Paragraph 412d(3)(c)). Any task with the primary intent to influence people or lobby for a project is ineligible;
- p.** Continuous planning activities that relate to elements of ongoing or existing system plans (See Paragraph 401d);
- q.** Action plans (See Paragraph 403f);
- r.** Airport surface access programs and plans that indicate the proposed routing to central business districts or arteries. The work should be based on other airport access studies that take into account traffic demand, existing and potential access problems, surface transportation facilities, heliports, and remote terminal facilities. Airport coordination and the analysis of procedures for transfer of passengers or baggage to bus, van, taxicab, rental car, automobile parking as well as innovative access facilities are eligible. Proposals for surface origin-destination surveys, corridor studies, ground traffic management, and similar work not directly related to airport coordination or intermodal transfer facilities should be forwarded to APP-520 (See Paragraph 400e).
- s.** Preparation of State standards for development at nonprimary airports. This is limited to State system plan projects;
- t.** Site selection and feasibility studies of the general area (excluding the specific airport configuration) for new, replacement, supplemental, or joint-use airports. This is limited to cases where existing public airport sponsors agree to participate or an area-wide agency has been required or authorized by State or local law to do the planning (See Paragraph 428b);
- u.** Acquisition, licensing, and use of commercially available computer software including simulation models and other applications dedicated to the study when warranted to accomplish an approved

planning purpose. For instance, an information management system may be eligible if directly related to eligible airport planning elements. Customizing of commercially available software is eligible. Software development, including customizing, paid for, in part, with grant funds shall be in the public domain and shall be made available to any user without cost beyond handling costs. The purchase of computer equipment is not eligible for planning projects, nor is the cost of ongoing computer operations or software for general clerical, administrative, or airport management purposes;

v. Economic studies to measure the impact of airport activity and benefit of interrelated developments in the network of airports. This is limited to methods such as those developed by the FAA. Contact APP-400 for assistance on economic study methods. Video presentations or printed materials on the economic impact of airports are not eligible unless it is necessary for the public's understanding needed during the decision process. Studies for the promotional or competitive marketing of an airport are not eligible. Vertiport studies for tilt-rotor aircraft are eligible pending development of the technology. However, vertiport applications other than a nominal part of another planning project should be forwarded to APP-520;

w. Identification of appropriate airport sponsorship arrangements such as for a new airport, airports that have inappropriate ownership, or where interagency agreements are needed;

x. Policy analysis for specific airport development proposals, such as that for State aviation taxes or land use. This must be coordinated with APP-520;

y. Establishing performance indicators or priority systems for pavement management and capital improvement programs; and

z. Participating in or conducting master plan projects at airports provided the airport sponsors agree in writing to the scope of work (See Paragraph 401e). This includes any of the elements and activities described in Paragraph 406 or the review of airport sponsor master plans to ensure system requirements have been met.

406. MASTER PLANNING ELEMENTS.

A basic airport master plan normally includes items described in Paragraphs 406a through 406p, and special studies may cover the remaining elements as needed. However, projects should include only those of the following elements or activities required to produce a plan that meets the sponsor's needs:

a. Study designs as described in Paragraph 405a;

b. Site inspections, inventories, and surveys including goals, policies, historic information, user preferences, meteorological data, obstructions, environmentally sensitive features, or information on area-wide planning. This is limited to collection of data to be used for analysis in planning projects;

c. Forecasting as described in Paragraph 405c;

d. Demand/capacity analysis for airspace, airfield use, terminal area, airway facilities, and surface access facilities to provide for determination of capacity values, identify causes of airport delay, analyze alternatives, or develop a capacity enhancement plan. Contact the regional Air Traffic Division and the Director of Operations Planning Performance Analysis (ASC-1) for assistance on airspace policy or airport capacity;

e. Facility requirements determination to establish a list of needs for the size and number of runways, taxiways, gates, aprons, lights, terminal buildings, cargo buildings, utilities, air traffic control facilities, navigation aids, parking spaces, airport surface access, and other eligible development. This includes studies on limited subjects, such as coordination with the FAA Runway Incursion Action Team

to identify infrastructure required for reducing runway incursions. Airport surface movement guidance and control system plans are eligible;

f. Analysis of a reasonable number of airport development alternatives including feasibility and sensitivity analysis, contingency plans, and evaluation of safety, security, efficiency, public protection, environmental impacts, safety area determinations, modification of standards, cost of the alternate airport designs, and energy considerations;

g. Preparation and adoption by the sponsor of airport role assignment as well as layout plans. These should establish dimensioned layouts for existing and future runways, safety areas, taxiways, aprons, terminal building areas, roads, utilities, fences, property and relocation of persons, airport airspace, runway protection zones, air navigation facilities, and non-aeronautical use areas (See Paragraph 428d);

h. Noise contours for existing conditions and reasonable forecast periods (See Paragraph 428e and 813);

i. Land use plans or reuse studies for areas within the boundaries of the airport and for areas outside the boundaries that are environmentally impacted by airport operations. Participation in commercial or industrial park studies is normally limited to delineating and inventorying areas available on the airport for non-aeronautical use. However, urban land use studies of areas acquired for noise compatibility are eligible (See Paragraph 815c). Studies of compatible land use zoning or other similar controls are also eligible for the entire airport site, the impacted airport vicinity, and terminal airspace. Aerial photography for land use studies is eligible only if the information is not otherwise available in an adequate form;

j. Schedules of plan implementation as described in Paragraph 405j;

k. Estimates of development cost proposed in the master plan;

l. Preparation of financial statements or business plans for the long-term development and operation of the airport. This includes financial plans for airport operational revenue, general obligation bonds, revenue bonds, taxation, government assistance (such as the AIP, PFC, F&E, or the contract airport traffic control tower programs), other donations, and realistic combinations thereof. The preparation of a disadvantaged business enterprise plan under Title 49 CFR, Part 26 is eligible;

m. Capital improvement programs and preparation of NPIAS documentation for the airport (See Paragraphs 402 and 428f);

n. Regular meetings as described in Paragraph 405n;

o. Study coordination and reports as described in Paragraph 405o;

p. Action plans (See Paragraph 403f);

q. Former military airfield concept studies. AIP planning projects may be used to initiate cooperative planning on joint use airports, surplus Federal property, and restricted airspace. Proposals for the conversion of former military airfields, or dual use of such current airports, should be coordinated early during the discussion stages with APP-420. Orders 5150.2 and 5170.1 describe U.S. Government surplus property for public airport purposes or the transfer of other Federal lands.

r. Site selection studies for new airport locations including the study of airspace, environmental factors, community growth, surface access, availability of utilities, land appraisals, and development considerations that affect site costs (See Paragraph 428b);

s. Environmental assessment for consideration of the effects of proposed airport development in order to provide a basis for the preparation of environmental impact statements or findings of no significant impact (See Paragraphs 310d(2) and 428c). The assessment may identify environmental consequences of ultimate airport development, mitigation policies, categorically excluded projects, and permits required. Wildlife hazard assessments and wildlife management plans required under FAR Part 139 are eligible whenever airport development actions may result. Cultural resources surveys, required to meet archeological, historical, architectural and similar requirements are eligible. Air or water quality planning for sponsor compliance with the Clean Air Act of 1970, as amended, and Federal Water Pollution Control Act of 1972 (FWPCA), as amended, are also eligible. This includes preparation of the water quality permit applications required under the FWPCA, hydraulic modeling, facility design, and water quality studies, testing, or inspection related to pollution prevention plans. Air quality studies or plans must be coordinated with the MPO and APP-520. (See Paragraph 400e.);

t. Building area plans for the overall terminal-apron complex and components within that complex such as terminal building, cargo building, gates, hangars, shops, service roads, service buildings, motels, aircraft rescue and fire fighting buildings, automobile parking, entrance roads, and intermodal connections. The plans are limited to conceptual analysis and drawings that include dimensioning of overall plans, building restriction lines, height limitations, shadow studies, and schematic drawings of profiles necessary to picture concepts and ensure that safety and operational factors are considered. The review of individual lease arrangements within the terminal or building areas from the standpoint of grant assurances and preparation of airline competition plans are eligible. Studies for specific facilities such as locating an airport traffic control tower are eligible. If the FAA is to perform the work, a reimbursable agreement with the airport may be desirable. (See Paragraphs 311k, 553 and 563.) Air traffic control services are ineligible;

u. Airport surface access plans that indicate the proposed routing to central business districts and to existing or planned arteries. The plan should be based on other airport access studies that take into account traffic demand, existing and potential access problems, surface transportation facilities, heliports, and central business district terminal facilities. MPO coordination and analysis of procedures for transfer of airport passengers or baggage to pedestrian, bicycle, rail, bus, van, taxicab, rental car, as well as parking facilities are eligible. Proposed surface origin-destination surveys, corridor studies, ground traffic management, and similar work not directly related to coordination with the MPO or multimodal facilities should be forwarded to APP-520 (See Paragraph 400e). Orders 1110.86 and 5000.3 describe intermodal transportation planning and coordination with the Federal Highway Administration. Preparation of airport emergency response studies to provide analysis of airport facility requirements (roads, safety area grading, or other access issues) for aircraft rescue and fire fighting vehicles is eligible;

v. Computer applications as described in Paragraph 405u;

w. Pavement management programs to evaluate pavements and establish annual priorities (See Paragraph 306);

x. Preliminary feasibility studies for the designation of instrument runways (See Order 7400.2 on procedures for handling airspace matters) and establishment of navigation aids. This includes evaluation of satellite navigation opportunities and preparation of preliminary instrument approach procedures directly related to airport development that is shown on the airport layout plan. Field surveys, e.g. determination of runway coordinates and elevation, are eligible if they have not been scheduled to be completed by the FAA. Contact APP-520 for a current schedule of FAA geodetic surveys. A flight check of a preliminary approach procedure to a non-Federal navigation aid is eligible under a reimbursable agreement with the Flight Procedures Office. Re-testing is not allowable in the event that the system fails the flight check or alternate procedures need to be considered;

y. Airport noise compatibility planning involved in developing noise exposure maps and a noise compatibility program. These activities are described in FAR Part 150 (See Paragraph 428e). Planning

for noise demonstration programs is not eligible as a master plan project. Contact APP-600 for assistance on noise policy, Part 150 planning, and Part 161 studies;

z. Economic analysis to measure the impact of airport activity and benefit or present worth of airport investments. This is limited to methods such as those developed by the FAA. Contact APP-400 for assistance on economic study methods. The evaluation of risk associated with airport plans and economic decision analysis for alternatives is eligible. Benefit-cost analysis (BCA) is eligible when it is appropriate to conduct these studies. Guidance about how to perform a BCA is contained in a Federal Register notice dated December 15, 1999 on page 70107 (See Paragraph 428f). Operational studies or planning, such as an airport certification manual or airport emergency plan update, are ineligible unless required under FAR Part 139 and airport development actions may result. Use of a formal value engineering task team is ineligible except on major new airports or for unusually complex projects of greater than average costs (See Paragraph 1009). Sophisticated video presentations or printed material on economic impact of an airport, which are basically competitive marketing material for a sponsor, are not eligible unless needed for the decision process. Operations research is not eligible; and

aa. Airport security programs under Title 49 CFR, Part 1542 for the protection of passengers, baggage, and aircraft within civil aviation. The eligible security planning includes accommodation of pre-board passenger and baggage screening, fencing/access arrangements for airport areas, threat evaluation, blast analysis, updates of the plan, as well as the other requirements of the regulation. The coordination of requests with the Transportation Security Administration may be needed if questions arise on whether airports are covered by Title 49 CFR, Part 1542. For the airports not covered under Title 49 CFR, Part 1542, security planning is eligible if it would be incidental to other master planning. Prior to the public involvement in a request or study on security, regions should coordinate with the Transportation Security Administration to identify material that must be protected under Title 49 CFR, Part 1520, which governs release of such information.

407. - 409. RESERVED.

Section 2. PLANNING PROJECT APPLICATION

410. GENERAL.

The application process for planning projects includes an optional conference between the sponsor and the FAA, preparation and review of the application, and issuance of a grant offer by the FAA. Sponsors may use Standard Form 424 or any written format they choose for information to be provided in applications. A planning project request may be included with a sponsor's pre-application for other development. However, the sponsor normally will submit a separate application. A draft scope of work and breakdown of project costs may be required.

411. PRE-PLANNING CONFERENCE.

Depending on project complexity, an airport inspection and conference to discuss the study can be arranged between the sponsor, State, MPO, consultant, and FAA before final preparation of the application. The conference may be used to discuss and/or negotiate the following and facilitate decision making before starting work on the project:

- a.** For first time sponsors, the grant assurances and procedures for airport development;
- b.** Specific objectives, such as navigable airspace or airport design issues;
- c.** Relationship of the project to local, MPO, State, and national airport planning and development;
- d.** Planning process and organizational arrangements;
- e.** Intergovernmental project review (See Paragraph 1006);

- f. Civil rights requirements (See Advisory Circular 150/5100-15);
- g. Scope of work, FAA expectations, and time schedules;
- h. Project costs and eligibility;
- i. Force account work; and
- j. Special grant conditions and compliance with grant assurances.

412. PREPARATION OF APPLICATION.

The sponsor may elect to submit selected information within Standard Form 424 and FAA Form 5100-101, Parts II, III and IV, contained in Appendices 3 and 5. The information is to be completed in accordance with instructions on the back of the forms. For sponsors not using the Standard Form 424, comparable information to that described in this paragraph must be provided.

a. Standard Form 424 Application for Federal Assistance. This form and/or appropriate agreements should be completed and duly signed by each sponsor (See Paragraphs 202, 203, and 209).

b. FAA Form 5100-101, Project Approval Information (Part II). Only items 4 and 5 need be completed. The "yes" will be marked within item 4 when requested assistance requires approval under State or local laws authorizing a public or planning agency to act as agent for sponsors. The terms and conditions of the agency's authority to act for the sponsor should be submitted as an attachment together with any endorsement required.

c. FAA Form 5100-101, Budget Information (Part III). This part requires budget information, and particular attention should be directed to the sections of the form below.

(1) Section B, Budget Categories. The total cost of consultant contracts should be aggregated and listed in line f of Section B.

(2) Section F, Other Budget Information. Section F is to be an attachment and should include a separate breakdown for costs by the specific elements and work activities in the study. This breakdown should be prepared on an employee-hour and a cost per employee-hour basis, taking into account categories of employment to be used for each element or activity. Force account and work that will be accomplished under third-party contracts should be listed separately in the breakdown.

d. FAA Form 5100-101, Program Narrative (Part IV). A program narrative outlining the structure of the study is to be submitted as an enclosure and should contain the items below.

(1) Objectives. This is an itemized list of major problems, issues, and objectives in applying for the grant.

(2) Benefits Anticipated. A statement of benefits anticipated from the planning effort should include a summary of significant areas to be addressed and the previous planning updated as the result of the new effort.

(3) Approach. This item should include detailed information for each element or work activity to be performed in the planning project.

(a) Scope of Work. The proposed scope of work should reflect the study elements identified in the system or master planning advisory circulars.

(b) Schedule for Accomplishment. The time schedule proposed for each element should be included.

(c) Study Coordination and Evaluation. Coordination of study drafts with the public, community organizations, airport sponsors, users, the financial community, local and State agencies, Federal program offices, and other interested parties is required. Names and affiliations of proposed advisory committee members should also be identified in the work program. For instance, the sponsor shall coordinate with the Air Transport Association (ATA) and/or Regional Airline Association (RAA) in airport system and master planning at airports that have ATA/RAA member carriers. Likewise, coordination with Aircraft Owners and Pilots Association may be desired at sites having general aviation activity where a regional representative is available and agrees to participate. Other special interest groups, such as National Air Transportation Association (at the airports with significant air taxi activity), may be appropriate to participate depending on the specific location.

(d) Organizational Responsibilities. A list of organizations, consultants, and key personnel anticipated to work on the project with their respective responsibilities should be itemized.

(4) Geographic Location. A brief delineation is to be provided of the area served by the airport. For a system plan project, the boundaries of the planning area should be identified.

(5) Additional Information. If the sponsor proposes to accomplish the project with its own forces or those of another public or planning agency, this fact shall be so stated in the application. The qualifications of key personnel shall be included and costs for force account as well as related overhead should be identified.

(6) Sponsor's Representative. This item should identify the name, title, address, and telephone number of the person representing the sponsor in the planning study.

e. Sponsor Assurances. The appropriate set of grant assurances shall be attached to the application (See <http://www.faa.gov/arp/financial/aip/assurances.cfm?ARNav=aip>). The airport sponsor assurances are used for master planning projects. Use of planning agency sponsor assurances is limited to system planning projects.

413. REVIEW AND APPROVAL OF APPLICATION.

The responsibility for review and initiating the approval or disapproval of the planning grant application rests with the region. The sponsor's consultant contract should be reviewed and approved, if appropriate, at this time (See Paragraph 422). Sponsor use of force account should also be approved, if appropriate, based on the information made available as described in Paragraph 412d.

a. Review of Application. FAA personnel should ensure the application is complete and a project evaluation report shall be prepared (See Paragraph 1031). FAA review should determine whether the project was adequately structured, elements are eligible, time schedule is realistic, and the work scope will be commensurate with costs. The review should identify special conditions, if required, for the grant based on project issues.

b. Revision of Application. If the FAA determines that the application needs revision, the sponsor should be advised of required corrective actions.

c. Project Approval and Grant Offer. The region is responsible for approving planning project applications. Upon notice of regional approval, APP-500 will coordinate with the Office of the Secretary and inform the region upon completion of Congressional notice. A grant offer to the sponsor may be issued after this notification. Each project file will contain the following or equivalent documents:

- (1)** AIP Grant Status Report, FAA Form 5100-107 (See Appendix 28);

(2) Project Evaluation Report and Development Analysis, FAA Form 5100-109 and

(3) Application for Federal Assistance, Standard Form 424, as well as FAA Form 5100-101 (See Appendices 3 and 5).

d. Disapproval of Application. If the FAA determines that the application should be disapproved, it shall be returned to the sponsor along with an explanation of the disapproval. Contact APP-520 for assistance with disapproval of applications.

414. - 419. RESERVED.

Section 3. PLANNING PROJECT ACCOMPLISHMENT

420. CONSULTANT CONTRACTS.

The firm fixed price contract is the preferable method for contracting with consultants. Other contractual methods, such as a cost-plus-a-fixed-fee contract, may be used but should be discouraged unless there are substantial reasons for their use. Any of these methods shall be carried out in accordance with procedures in Chapter 9 of this order, Title 49 CFR, Part 18.36, and Advisory Circular 5100-14.

421. FAA ROLE IN CONSULTANT SELECTION.

Since some sponsors are unfamiliar with consulting firms that have capability in aviation planning, they may seek the advice of FAA personnel. The role of FAA personnel in this respect is:

a. Aid the sponsor in developing the general scope of services, division of responsibilities, and guidance on expected costs as outlined in Advisory Circular 150/5100-14;

b. For planning to be accomplished in stages, ensure the initial advertisement includes subsequent projects that are expected within five years, if desired;

c. Depending on the size of the project, advise the sponsor to avoid over-solicitation and to use the competitive procurement process for contracts over \$100,000 as outlined in Chapter 9;

d. If appropriate, suggest that the sponsor establish a consultant selection panel to interview the consultants and/or evaluate their qualifications or proposals (the FAA will not recommend consultants or participate in the interview and decision, although records of the consultant selection process may be requested by the region);

e. Advise the sponsor that the FAA reserves the right to disapprove employment of consultants and subcontractors or the scope and cost of professional services (See Paragraph 310d(2)); and

f. For planning projects, regions should forward a copy of formal complaints about the consultant selection process described in Advisory Circular 150/5100-14 to AAS-100.

422. CONTRACT REVIEW AND APPROVAL.

FAA offices administering planning projects may require sponsors to submit proposed consultant contracts for approval as necessary to carry out the FAA's responsibilities described in Paragraph 421.

423. PROCUREMENT DEFICIENCIES.

Sponsors may use their own procurement regulations reflecting applicable state and local law, rules, and regulations provided they also meet the requirements of Title 49 CFR, Part 18. If, at any time, the FAA becomes aware of deficiencies based on these requirements (as a result of contract reviews,

audits, or special reviews), the sponsor shall be notified in writing and changes needed to achieve compliance should be specified.

424. PURCHASE OF EQUIPMENT.

The purchase of recording anemometers, activity counters, noise monitors, computers, or other equipment shall not generally be included in a planning grant. However, under certain circumstances, specialized equipment that is not a permanent installation may be approved. See Paragraphs 307, 571, 813, and 900.

425. PROJECT MONITORING, COORDINATION, AND REPORTS.

FAA should maintain ongoing involvement with the sponsor during accomplishment of the study and ensure each activity will lead to plans that can be approved or actions specified in the work scope. Responsibilities of the sponsor and FAA may need to be shared during project monitoring as well as coordination activities to a substantial degree.

a. Sponsor Responsibility. The sponsor has the responsibility for continuous monitoring of the project. The sponsor shall ensure the time schedules are being met, work activities and coordination are accomplished satisfactorily, expenditures are reasonable as well as justified, and other performance goals are achieved.

(1) Interim Project Reports. Interim project reports or products identified in the scope of work should be sent to the FAA, State, MPO, and other study participants for review.

(2) Quarterly Performance Reports. The sponsor may be required to provide quarterly performance reports for the FAA as described in Paragraph 1221c.

b. FAA Responsibility. The FAA should review sponsor performance and project reports to ensure that activities or elements of work contained in the grant agreement are treated adequately. FAA involvement in key planning meetings is necessary to provide national perspective for decision-makers, facilitate clear communication of agency requirements, and avoid unrealistic expectations.

(1) Coordination. The FAA should ensure that the sponsor and its consultant adequately coordinate the study as described in Paragraph 412d. The scope of work and products of the study should be coordinated with the FAA regional divisions by the field office as appropriate. Order 1110.117 describes regional committees and inter-division working group arrangements.

(2) Reporting Requirements. The FAA should inform the sponsor about reporting requirements including any that are beyond those identified in the work scope and the type of information needed.

(3) Plan Review. On initial completion of project elements, the sponsor will submit copies of the planning reports and graphics in draft to the FAA for review and coordination. To avoid unreasonably delaying the sponsor and consultant during the project, the FAA site inspections and review of reports should be completed expeditiously on a schedule satisfactory to all concerned. Sponsors should be held accountable for each draft product identified in the scope of work. Sponsors shall be provided an explanation in writing of deficiencies in the project, preferably at one time during the review of each draft product. For instance, regions should notify the sponsor when letters from airport users are needed to justify an airport development project.

(4) Disclaimer Statement. The consultant, or sponsor in the case of force account work, shall be notified to include a disclaimer and the project number within the front pages of each report. The following statement shall be used:

"The preparation of this document may have been supported, in part, through the Airport Improvement Program financial assistance from the Federal Aviation Administration (Project Number ___) as provided under Title 49 U.S.C., Section 47104. The contents do not necessarily reflect the official views or policy of the FAA. Acceptance of this report by the FAA does not in any way constitute a commitment on the part of the United States to participate in any development depicted therein nor does it indicate that the proposed development is environmentally acceptable or would have justification in accordance with appropriate public laws."

426. SUSPENSION AND TERMINATION.

See Chapter 11, Section 6, for suspension and termination of grants.

427. FINAL PLANNING REPORTS.

The sponsor's final planning reports or other products shall be reviewed and coordinated within FAA as necessary to ensure previous comments have been addressed adequately.

a. Completion of Project Elements. On completion of a planning project, phase, or element, the sponsor will submit copies of the final reports and graphics to the FAA. Sponsors should be held accountable for each final product identified in the scope of work.

b. FAA Distribution of Plans. Each completed product shall be distributed within FAA for use as appropriate. In addition, a copy of final summary documents for system plan projects and final master planning reports with the ALP for hub airports that have 0.25 percent of enplanements (medium and large hubs) shall be transmitted to APP-400.

c. Incomplete Planning. Sponsors should be notified of incomplete planning in the project at the time of FAA approval actions described in Paragraph 428.

428. FAA APPROVAL ACTIONS.

FAA approval of project elements is an opportunity to properly establish the national implications of State, MPO, and local airport decisions. The FAA should limit its formal approvals to elements of a study that may require FAA action. FAA review and approval of sponsor submissions should consider whether the report content and format are adequate. Sponsor and FAA approvals may be required by the field office at key decision points during the planning process to facilitate plan implementation.

a. Aviation Forecasting. Sponsor-approved aviation forecasts establish the justification for approval of the airport layout plan and development projects. FAA should review sponsor forecasts to ensure they are appropriate and provide an adequate justification for the airport planning and development. The study should include data supporting the forecasts, including information that can be used as a basis to update the Terminal Area Forecast (TAF). When the forecast is different from the TAF (5-year differences of 10 percent and more, or 10-year differences of 15 percent and more, or any difference that affects timing and/or cost of development in the NPIAS/ALP), differences must be resolved. If the variance does not result in such change, then the FAA may accept the forecast without further coordination.

(1) Required Documentation. Legitimate policy differences exist between local, MPO, State, and national or private organizations that will result in different aviation forecasts. To resolve a significant difference, planning forecasts may be forwarded to APP-400 for review. Resolution of the differences may result in changes in the TAF, the planning study, or both.

(a) Letters of support should be requested from airport users whenever a proposal is beyond that justified by a lease or commitment to use the project. Users should be asked to describe their plans or anticipated activity by the most demanding airplane, or "critical aircraft." More than one critical aircraft may control the design of any specific airport's different facility features, such as runway length, strength

of paved areas or lateral separations in airfield layout. A critical design aircraft is that airplane using (or is highly likely to use) the airport on a regular basis. A regular basis is at least 500 annual itinerant operations. See critical aircraft approach speed, wingspan, and weight in Chapter 1, AC 150/5300-13.

(b) In the absence of appropriate documentation, sponsors should be notified about the forecast differences and information required to receive FAA endorsement for a project.

(2) **Endorsement of Forecasts.** Forecasts adopted by a sponsor should receive some form of FAA concurrence (or non-concurrence) before subsequent elements of the study are initiated to facilitate the follow-on planning work (See Paragraph 403b). The degree of FAA endorsement of project justification will determine NPIAS entry, changes in airport role, approving development on the ALP, and work included in the current year ACIP. The activity levels used for accepting the NPIAS roles apply to forecast endorsement, and Order 5090.3 describes procedures for field formulation of the NPIAS. If appropriate coordination of forecasts is not completed, the inaction may cause problems with later airport development projects. The lack of FAA acceptance of forecasts may delay any further planning or capital improvements depending on them.

b. **Site Selection.** Planning projects that include site selection as an element in a full master plan study normally require a tentative approval of the site before proceeding with subsequent elements.

(1) **Site Approval Process.** Site approval should be made by the sponsor and FAA after considering the airspace determination, field inspection, site utility, preliminary environmental findings, public testimony, and other pertinent factors (See Paragraph 403b). Completion of the tentative FAA site approval process is necessary before permitting the sponsor to proceed with subsequent master planning. It may also be appropriate to use multi-grant procedures, such as focusing on aeronautical aspects initially and completing detailed environmental assessment when alternatives have been narrowed. Once a tentative or final site approval is made, the sponsor should be notified in writing. If approval is conditional for environmental or other reasons, this fact should be clearly stated.

(2) **Prior Federal Involvement.** Many airport sites are identified within the NPIAS and other FAA documents as "new" locations because the approval has not been made. However, site approval may be determined to be unnecessary for sites with substantial federally approved development or prior involvement. For instance, a former military airport would need a base conversion study rather than the sponsor's site approval process.

c. **Environmental Assessment.** An environmental assessment (EA) is normally prepared for proposed airport development when it appears likely that a project requiring the EA will occur within five years. When such a report is submitted as part of a planning project, it should be completed and processed in accordance with Orders 1050.1 and 5050.4 on policies as well as procedures for considering environmental impacts. FAA may elect to delay the processing of an EA. In such a case, the sponsor should be informed of reasons for the delay. Reevaluation of the EA is necessary in accordance with the time limitations prescribed in Order 1050.1.

d. **Airport Layout Plan.** A current ALP that has sponsor and FAA approval from the standpoint of the safety, utility, and efficiency of the airport is required by Title 49 U.S.C., Section 47107(a)(16). ALPs are the key documents for coordinating between off-airport parties, private users, the financial community, airports, local or State agencies, and Federal program offices. The ALP is needed by many Federal offices including Flight Standards, Flight Procedures, Airway Facilities, NAS Implementation, Air Traffic, Runway Safety, Logistics, Civil Aviation Security, and the Transportation Security Administration (TSA). The Airports Division is responsible for inter-division coordination of airport layout planning. Adequate review and coordination of airport plans prior to FAA approval establishes the basis for use of the ALP.

(1) **ALP Preparation.** The sponsor's ALP should incorporate an airport airspace plan (See Advisory Circular 150/5300-13), runway protection zone plan, and a property inventory map (See Order

5190.6 on airport compliance requirements). ALPs are normally current for a five-year period unless major changes at the airport have been made or are planned. ALPs may be determined to be current beyond that period without revisions if no changes have occurred or are planned and if the ALP meets current design standards.

(2) Review and Coordination. FAA review and coordination of the ALP will cover Federal interests and must consider any required coordination that was not completed at the local or state level. FAA may request additional information from sponsors, preferably at one time within the review period, to add detail needed for ALP approval. Airport sponsors should be alerted to the delay or disapproval of agency action when requested information is not provided.

(3) Timing of Approval. Due to the length of time involved for Federal ALP approval actions, several forms of letters or notices to the sponsor approving airport development on layout plans may be used (See Paragraph 403b).

(a) Conceptual Approval. Conceptual approval may be made, if necessary, to avoid unreasonably delaying the sponsor in the absence of detailed planning.

(b) First-Time Approval. First-time approval actions may be taken for those airports where an ALP has not been previously approved. First-time approval is normally the culmination of a major study process, including interagency review and discussion between the interested parties.

(c) Informal Revisions. The informal revisions of a minor nature should be noted on the ALP by pen and ink based on supporting documentation referenced on the drawing rather than frequently re-approving as-built conditions. The supporting documentation should identify sponsor and FAA documents that approve the revision, and any safety implications of the change must be described. Regions may require revisions of drawings at any time to provide working tools that would not be approved. For instance, an ALP drawing with a small building that is not identified within the approved plan could be sent before or after the FAA's conduct of airspace studies and determination for it. Likewise, a similar sheet could be provided with minor new airport engineering or geodetic surveying data that needs to be noted on the approved ALP by pen and ink as well as reflected within the FAA's airport master record.

(d) Formal Revisions. Formal revisions shall be approved periodically for major changes to the airport and the existing ALP. Several years may lapse between each formal revision since it normally involves the substantial degree of study, review, and discussion as first-time ALP approval.

(4) Approval Conditions. Conditions of ALP approval will be explained in writing to the sponsor and clearly indicated on the plan. Approval of an ALP must be in accordance with environmental criteria in Order 5050.4 (the airport environmental handbook) and current regulations and design standards unless modified as prescribed in Order 5300.1 (approval level for modification of agency airport design and construction standards). The approval letter must include the disclaimer statement regarding Federal financial participation in Paragraph 425b. Statements should be added concerning sponsor action required on land use planning for the airport vicinity and the need for airport layout planning to be compatible with Federal facilities (See standard grant assurances). A statement should also identify proposed development that is not sufficiently justified.

(5) Use of ALP. ALPs are the graphic representation of policies on current and future airport development as formally adopted by the sponsor and approved by FAA. Planning, budgeting, and implementation for FAA activities on airports will be based on the sponsor's ALP. Before the Federal action on new development depicted on the ALP, appropriate conditions of ALP approval must be satisfied. FAA plans and programming must be changed to reflect each newly approved ALP as appropriate.

e. Noise Planning. Guidance on noise control planning is contained in Order 1050.11. Noise exposure maps and noise compatibility programs that result from FAA-funded projects should be completed by the sponsor and provided to the FAA. This does not necessarily constitute a formal submission to FAA for determinations under FAR Part 150. Submission of noise exposure maps and noise compatibility programs for determinations under Part 150 are not required by the grant. However, if the sponsor decides upon completion of the noise planning to make a submission under Part 150, a letter so stating should be provided.

f. NPIAS and ACIP Data. Airport data, such as development requirements and schedules, shall be verified by the FAA prior to inclusion in the NPIAS and ACIP. Sponsors, MPOs, and States should be provided an explanation in writing concerning data considered unacceptable. Benefit-cost analysis, when required, is to be prepared by airport sponsors, transmitted to regions for a completeness review, and sent to APP-520 where that office, in consultation with APO-200, will review the BCA analysis. Regions will verify consistency with the approved aviation forecasts, FAA guidance on BCA methodology, the master plan, the ALP, the critical aircraft justification, and life cycle cost considerations. Regions will ensure the costs, benefits, and schedules are reasonable. The region must coordinate with APP-520 if a project would have special circumstances in calculating the BCA that is inconsistent with current guidance. (See Paragraph 550b for navigation aid projects.)

429. FAA ACCEPTANCE OF PROJECTS.

See Chapter 13, Section 2, for project acceptance and grant closeout procedures.

430. AUDITS.

See Chapter 13, Section 3, for audits.

431. - 499. RESERVED.

This page left intentionally blank.