



AirportNews

FAA Central Region Airports Division

April 2011

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Airport NEWS is a quarterly newsletter of the FAA Central Region Airports Division; providing airport managers and consultants with timely and useful information to help them serve their aviation customers. Suggestions and articles are welcome and may be sent to mark.sedarous@faa.gov. If you require assistance with this document or request reasonable accommodation, please call (816) 329-2600.

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Manager's Message

It is hard to believe that we are already half way through FY2011. The construction season is fast approaching and most of you are busy getting Airport Improvement Projects (AIP) ready to go. It is unfortunate that even at this late date we do not have full year AIP funding, but we need to continue getting your projects ready. As soon as we have the funding available, you will want to be in a position to assure funding and to get your project headed to construction.

As far as reauthorization goes, we are operating under the 18th short term extension since the last long term authorization expired in September, 2007. The current extension expires May 31, 2011. Both the House and the Senate have passed their version of the authorization bills. Differences now need to be worked out in conference committee. The Senate bill is a two year bill. The House bill is a four year bill. For AIP, the Senate bill contains approximately a \$4 billion annual program with a 95% federal match while the House bill is about \$3 billion per year with a 90% federal match. Neither bill contains a provision for increasing PFCs.

This addition of AirportNews includes articles on the new grant application form that must be used for your upcoming projects, how to avoid an improper payment and when to declare a project substantially complete. Other articles take some of the confusion out of single audits, appraisals and Hazmat reviews for NEPA. Please also note the article on our new office location beginning April 19th.

Finally, the day has come that I have been dreading for some time. Mike Faltermeier, Manager of the Planning and Programming Branch, will be retiring on July 1, 2011. I have tried my best to talk him out of it, but it did not work. Mike has 35 years of government service, most of those in the FAA Airports Division. He has been a tremendous asset to our team and we will miss him greatly. Mike says his golf game will improve – I am not so sure.

Jim Johnson
Manager, Airports Division

We're Moving!

The DOT Headquarters Building in Kansas City, Missouri is presently being renovated. The FAA Airports Division will be moving to the south side of the building during the period of April 14-18, 2011. Telephones, fax machines, computers and mail will all be affected during this timeframe. We will be checking voice mails as much as possible. We hope to be back up and running, with few interruptions, on April 19th. We appreciate your patience with us during this time.

Our current phone numbers and fax numbers will remain in effect after the move. However, please make note of the **NEW** room number for the Airports Division. To assure faster and more direct deliveries, include this new room number on the mailing address when sending letters and packages to our office.

Federal Aviation Administration
Airports Division, ACE-600 (or other routing #)
901 Locust Street
Room 364
901 Locust Street
Kansas City, MO 64106

One again, we thank you for your patience.

FAA Central Region

Updated Application for Federal Assistance Form (SF-424)

Sponsors and consultants are reminded of the updated [Application for Federal Assistance SF-424](#) form. All 2011 grant application packages must include the updated version of the SF-424. Application packages submitted with previous versions of the SF-424 may be rejected and cause delay in the grant offer process until the updated version is completed and submitted.

Please visit the FAA Central Region [Recommended Forms and Templates](#) page to locate the updated SF-424 and links to other commonly used forms.

FAA Central Region

Single Audit Act Requirement



Each year, the Federal Government provides billions of dollars in grants to non-Federal entities (States, local and tribal governments, etc...). Audits are a primary tool used by the Federal Government to ensure that these funds are expended properly. A single audit provides a cost-effective mechanism for non-Federal entities to conduct one audit in lieu of multiple audits of individual programs.

- **When is a single audit required?** Airport Improvement Program grant assurance #13 outlines the audit requirement. It is also referenced in Federal Regulation 49 CFR Part 18.

Non-federal entities (airport sponsors including sub-grants recipients under the FAA's State Block Grant Program) that **expend \$500,000** or more of federal funds in the sponsor's fiscal year must have a single or program-specific audit conducted for that year. The \$500,000 threshold represents **all federal funding** sources, not just grants from the Federal Aviation Administration. This is in accordance with the Single Audit Act of 1984 (as amended) and [OMB Circular A-133 "Audits of States, Local Governments, and Nonprofit Organization"](#).

- **What does a single audit contain?** A single audit combines the annual financial statement audit with additional audit coverage of federal funds. The single audit is intended to meet the basic audit needs of both the non-federal entity and the federal awarding agencies, combining

all federal programs into a single report.

The auditor conducting the single audit must comply with the requirements outlined in OMB Circular A-133. Additionally, the Compliance Supplement provides special instructions for each federal program. The special instructions for the Airport Improvement Program ensure the auditor reviews airport revenues as well as other aspects of the airport's financial statements.

- **How do I obtain an auditor?** OMB Circular A-133 requires that federal administrative rules be followed in procuring audit services. Factors to consider in evaluating proposals for audit services include responsiveness to the request for proposal, availability of staff with professional qualifications and relevant experience, results of quality reviews, and cost. The audit is typically performed by an independent certified public accountant (CPA).

Information is also available on the General Accountability Office's website at www.gao.gov. A pamphlet called "[How to Avoid a Substandard Audit: Suggestions for Procuring an Audit](#)" is available for use.

- **How do I submit my audit?** Sponsors can no longer mail audit reports to the Federal Audit Clearinghouse. Instead, Sponsors must upload their completed audit report online at the Federal Audit Clearinghouse website (<http://harvester.census.gov/fac/>).

Users are instructed to create an online report ID and then complete form SF-SAC prior to uploading the audit report.

- **Where can I get more information?** Single audit requirements are set forth in OMB Circular A-133 and the Compliance Supplemental. Information related to single audit requirements can be found at: www.whitehouse.gov/omb/financial_fin_single_audit.

FAA Headquarters

Next Gen Implementation Plan

Want to learn more about the progress the FAA made with NextGen in 2010? Curious about the capabilities that will fundamentally change the way the National Airspace System operates by the end of the decade? Then check out the 2011 update to the [NextGen Implementation Plan](#).

Included in this year's update to the Plan is an overview of NextGen accomplishments in improved surveillance, more precise navigation, enhanced safety and reduced environmental impact. The document also offers a look at upcoming innovations, presents operators and airports with a guide to NextGen investments, and provides a timeline and summary of key FAA work activities planned for the coming years.

Download the 2011 update to the NextGen Implementation Plan at www.faa.gov/nextgen/, read the FocusFAA article [Updated NextGen Plan Highlights Progress](#) and learn more about how the FAA and NextGen are giving the world new ways to fly.

***Department of Transportation
Federal Aviation Administration***

Concerns Regarding Construction Payment Requests



Recent national audits have revealed some deficiencies in how AIP grant sponsors have administered payments for completed work. One significant area of concern is the lack of adequate documentation that supports the sponsor's payment to the contractor. Sponsors that make a drawdown without proper documentation essentially commit an improper payment.

We request Sponsors place added emphasis on obtaining and retaining proper documentation for all grant payments. Grant assurances and Federal Regulation 49 CFR Part 18 establish this responsibility of the Sponsor.

Section 90 of [Advisory Circular 150/5370-10E](#) addresses measurement and payment requirements that a Sponsor must apply to their AIP development construction contracts. Sponsors may make interim payments for the value of work performed and materials completed in accordance with the contract plans and specifications.

The Sponsor through their consultant must maintain construction records that document the quality and quantity of the work complete. [Advisory Circular 150/5370-12](#) Quality Control of Construction for Airport Grant Projects addresses minimum documentation requirements for the construction phase. Sponsor should identify the requirements of this Advisory Circular in their construction services agreement.

The key emphasis is that interim payments made to the contractor must be supported by documentation that clearly confirms the quality and quantity of the pay items.

Another grant obligation of the AIP Sponsor is the requirement to retain grant records, which included payment documentation. Federal Regulation 49 CFR Part 18.42 requires grantees to maintain pertinent project accounts and records that fully support all project transactions and that fully disclose the disposition of all grant proceeds. AIP sponsor must maintain this documentation for a minimum of three years from the time the grant is closed. Failure to properly maintain adequate grant records may lead to a situation where a Sponsor is required to return AIP grant funds after the development project is complete.

Additional guidance on this subject is available under the Central Region AIP sponsor guide sections [AIP 1000 – Construction](#) and [AIP 1700 – Post Grant Obligations](#). Please contact your project manager if you have any questions regarding this matter.

Mike Rottinghaus
FAA Central Region

Substantial Completion, Punchlists, and Getting your Project Finished

Here in the Central Region, we've noticed a trend of sponsors and engineers declaring substantial completion early, and an increasing number of items being put on punchlists. This leads to problems later as the project drags on and sponsors struggle to get their project finalized and closed out.

A disclaimer first: Precise legal definitions of contract terms vary from state to state. Because AIP grants support contracts that use local procurement laws, there may be differing practices or legal differences in different states and municipalities.

In the previous newsletter, an article covered the importance of contract working days or calendar days in the enforcement of liquidated damages. This incentive is a key factor in ensuring the contractor makes reasonable progress towards finishing the project.

Substantial completion indicates that the work is fully available for its intended use, although there may be some items that require additional attention. This is also generally the point at which working/calendar days are no longer charged and liquidated damages can no longer be assessed. The contractor is obviously motivated to achieve substantial completion because it will get him off the hook for any liquidated damages.

Substantial completion should only be given when, in the opinion of the engineer and with the concurrence of the sponsor, it meets the definition above – that the work is fully available for its intended use. The engineer will develop a “punchlist” of items that, while not precluding safe use of the work, require additional attention to meet the requirements of the contract.

Sponsors and engineers should avoid declaring substantial completion too early. This eliminates a powerful contract tool to ensure the contractor completes the work, and greatly complicates matters if there is still much work to be done.

The Central Region will not substitute its judgment for that of the sponsor and engineer. However, based on past experience, we do offer the following general guidelines for substantial completion:

- All components of the work should be complete. The punchlist should be used to document areas that need additional attention to meet contract requirements, not to document areas that have not yet been done.
- The facility should be open to all operations for which it is intended. This means all markings, lighting, and other safety elements for which the contractor is responsible are in place. No construction materials, equipment, or temporary markings that prevent safe use should be left. For example, a runway should be cleaned, marked, lighted, and open for operations; a hangar should be able to be occupied.
- Only minor, short-term closings (i.e. less than 8 hours) should be necessary to complete punchlist items.
- In general, large-scale seeding/turfing should not be considered a punchlist item. If seasonal timing concerns prevent seeding, the contract should be suspended and a firm timeframe for resumption of work be negotiated. However, minor touch-up work can be considered a punchlist item.
- The items on the punchlist should require only minor coordination between subcontractors or specialties.

Again, none of these guidelines should supplant the judgment of the sponsor and engineer, or used if they contradict state or local law.

We also recommend that each punchlist document the negotiated time to complete. For example, “Based on our discussion, the following discrepancies will be corrected in 20 working days,” or “...will be corrected prior to the Final Inspection on 10 September 2010.” This communicates to the contractor that you want the work done promptly, and forms an agreement between you and the contractor. If allowed by law, it may also be possible to re-start the assessment of liquidated damages if the contractor exceeds the agreed time.

Don Harper
FAA Central Region

How Appraisers Determine Highest and Best Use



Many of our land acquisitions for airport improvement projects are partial acquisitions. We identify a certain amount of acres to meet FAA standards. The property owner usually owns a larger “parent tract” or “larger parcel.” The appraiser first looks at the land holdings of the property owner (ownership). Next, the use of the land and the location is examined (unity of use and contiguity). An example follows:

Mr. Smith owns an unimproved 160-acre tract of ground. The ALP has approved a purchase of 2.5 acres in fee simple for the future development of a turnaround. The appraiser inspects the property and finds that Mr. Smith is indeed the owner, the acres are contiguous and the fields are being utilized for crop production.

The larger parcel is determined to be the entire 160 acres with only 2.5 acres as the part taken for airport use. The property owner is entitled to the value of the 2.5 acres as well as any severance damage to the larger parcel.

Prior to searching for comparable market sales, the appraiser analyzes the highest and best use of the parcel. This is accomplished by applying the following four tests: 1) Possible Uses – What is physically possible? 2) Permissible uses – What is legally possible: 3) Financially feasible – What are the possible and permissible uses that will net a return of revenue for the owner? and, 4) What is the use that will result in the maximum net return to the owner?

- 1) Physically possible – The appraiser may view sketches, soil or flood maps and the topography during the inspection of the property.
- 2) Legally permissible – Essentially these aspects are directly related to the zoning. However, sometimes environmental regulations or long term leases may exist and must be considered. In acquisitions for airports, the appraiser should ascertain if the sponsor has enacted height zoning to protect the safety and operation of the airport and people and property on the ground.
- 3) The economic factors include the cost to produce or replace a property, supply and demand, price of competitive properties and other market considerations.
- 4) Occasionally, there are more than one financially productive uses. The appraiser may need to complete an income statement to find the most profitable use/

In property acquired under the threat of eminent domain, the highest and best use of the property is typically its present use. In the current economic climate, it is assumed that the owner desires to make a profit and will take advantage of the use that will net him the highest return for his investment. When the four tests have been applied and the facts and data are collected, the appraiser analyzes the information and determines the highest and best use of the property. The next step is to search the market for comparable sales of property with the same highest and best use. Guidance forbids declaring the use as the same purpose of the government project (i.e., airport airfield). It is important to remember that highest and best use is driven by the market and not by public interest.

References: [Uniform Appraisal Standards for Federal Land Acquisitions](#), Section B-4
[FAA AC 150/5100-17](#), Section 2-9
Seventh Edition Real Estate Dictionary

***Gayla Rich – Airport Program Land Specialist
FAA Central Region***

ESA vs NEPA Hazmat Review

The Confusion between Environmental Site Assessments (ESA) and the Hazardous Materials (Hazmat) Review For NEPA

Over the years, we have found that there is some confusion between an ESA and the Hazmat review for National Environmental Policy Act (NEPA) determinations. In simple terms, the ESA is concerned with land acquisition in fee (not easement) and looks backward at what happened on the land in the past. The Hazmat review for NEPA is concerned with construction of AIP projects and looks forward at how the AIP project will impact the environment when it is built.

The ESA or (using an FAA term) Environmental Due Diligence Audit (EDDA) is a systematic investigation of land to determine if activities involving Hazmat have occurred at a site or resulted in environmental contamination. This is only performed on land acquisition in fee. This is not performed for the entire airport property. The ESA is done after the NEPA work resulting in a Catex determination or Environmental Assessment is complete.

The Environmental Assessment (EA) includes a Hazmat review to comply with NEPA. However, this review is not meant to look at the entire airport for Hazmat. It is also not concerned with how Hazmat is currently handled on the airport. It is limited to whether there is any Hazmat in the project area that may be disturbed by the construction project or in rare cases if the project itself might generate Hazmat.

The NEPA Hazmat review would generally be limited to a visual inspection of the project area, asking airport personnel if there is any known Hazmat in the project area, and checking government databases for Hazmat sites in the project area. This does not usually involve much field work unless something is turned up in the preliminary review.

The bottom line is that you do not need to do an ESA to complete the NEPA determination. The ESA is only needed for land acquisition in fee and is not part of the Environmental Assessment. Gayla Rich, our Land Specialist (816-329-2603), is responsible for reviewing ESAs and should be contacted if you are completing an ESA for land acquisition in fee. More information on ESAs may be found at the FAA [Environmental Site Assessment](#) webpage. More information on Hazmat may be found in the Hazardous Materials section of the [Environmental Desk Reference For Airport Actions](#).

***Glenn Helm – Environmental Specialist
FAA Central Region***

Recently Revised or New FAA Publications (a selected list)

Advisory Circulars (AC)

- [AC 150/5300–13 Airport Design, Change 16](#) (pdf) – Change 16 re-schedules the One Engine Inoperative (OEI) implementation date from January 1, 2011 to January, 2012
- [AC 150/5340-1K – Standards for Airport Marking](#) (pdf) – [Errata Sheet](#) issued to corrects dimension errors in Figure 5
- [AC 150/5345-53C, Airport Lighting Equipment Certification Program](#) (pdf) - December 2010, Addendum to appendices 1, 3, and 4. (Note: This AC is updated the 15th of every month)

CertAlerts

- [CertAlert 11-01, Fuel Safety Training - Update](#) (pdf)
- [CertAlert 11-02, Identifying Mil-Spec Aqueous Film Forming Foam \(AFFF\)](#) (pdf)
- [CertAlert 11-03, Clarification on Winter Operations Pavement Assessment Reporting in the NOTAM System](#) (pdf)

Engineering Briefs

- [EB- 67C, Light Sources Other than Incandescent and Xenon for Airport and Obstruction Lighting Fixtures](#) (pdf)
- [Memorandum \(1/3/11\): Reinstatement of Light Emitting Diode \(LED\) L-850A, Runway Centerline, and L-850B, Touchdown Zone Lighting Systems](#) (pdf)
- [Memorandum \(1/7/11\) Clarification of Reinstatement of Light Emitting Diode \(LED\) L-850A, Runway Centerline, and L-850B, Touchdown Zone Lighting Systems](#) (pdf)

Program Guidance Letters

- [PGL 11-01 – Amendment to Standard AIP Sponsor Assurances](#) (pdf) - Interim policy regarding access to airports from residential property. Explains revision to Assurance 5, Preserving Rights and Powers.

For a complete list, please visit our website [News and New Resources for Airport Projects](#). To receive automatic e-mail notification of changes, users may click on the "Subscribe" option at the top of webpage. Users will be prompted to provide their e-mail address.

Arrivals and Departures

Central Region Airports Division – Kansas City, MO

New Faces -

Lynn Martin - Please join us in congratulating Lynn in her promotion to Central Regions Compliance Specialist. Lynn has thirteen years experience working a variety of progressively more responsible positions at the Defense Finance and Accounting Service Center located in Kansas City. For the past year, she has done an outstanding job for us in her capacity of part time Airports Program Assistant. Lynn has a BS in Management and Human Relations and is currently working on a Masters of Arts in Organizational Administration.

Departures –

Woody Duffin – Returns to retirement.

Our contract support position for the ARRA projects ended in February. With the end of the support contract, we must let Woody Duffin return to the life of retirement. Woody spent just over a year with the Airports Division helping us with contract administration and reporting requirements for the ARRA projects. As a retired FAA employee, Woody was able to join our team with very little effort and was a tremendous help on the ARRA projects. We wish him the best in his return to retirement.

Airport Sponsors

Departures -

Gary A. Cyr, Sr. – Director of aviation for Springfield-Branson National Airport (SGF), is retiring, effective April 1, 2011. Cyr has been with SGF since 1995 and in his current position since December 2004. Prior to serving as director of aviation, he served as SGF's assistant director for nearly nine years. Previous to his tenure with SGF, Cyr managed the Gunnison County Airport in Gunnison, Colorado. From SGF Cyr moves to Greeley-Weld County Airport Authority, in Greeley, Colorado, where he'll serve as airport manager.

Calendar of Events

Date	Event
April 3 & 4, 2011	ACC/FAA Airports GIS Workshop Hyatt Regency Crown Center Kansas City, MO
April 5-7, 2011	Airport Pavement Workshop Holiday Inn – KCI Airport Kansas City, MO
April 9, 2011	FAA Central Region Pilot Symposium Charles B. Wheeler Downtown Airport (MKC) Kansas City, MO
April 10-13, 2011	14th Annual AAAE GIS Conference and Exhibition Portland, OR
April 12, 2011	AAAE Passenger Facility Charges (PFC) Workshop Orlando, FL
April 13-15, 2011	MAMA/MOSAC Spring Conference Lodge of Four Seasons Lake of the Ozarks, MO
April 20 & 21, 2011	2011 Iowa Aviation Conference Sheraton Hotel West Des Moines, IA
June 27 & 28, 2011	AAAE General Aviation Issues and Security Conference St. Louis, MO
June 28 & 29, 2011	AAAE Sponsor Assurances, Leasing Policies & Minimum Standards Workshop , St. Louis, MO
September 26, 2011	2011 Airports Conference Conference Pre-Registration
September 27-28, 2011	2011 Central Region Airports Conference Westin Crown Center Kansas City, MO