

# Airport Compliance

## Understanding Your Obligations When You Accept AIP Grants

**Presented to:**

**By: Kathleen Brockman**

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**Federal Aviation  
Administration**



# *What I hope to do:*

Summarize the federal obligations airport sponsors incur when taking Airport Improvement Program Grants:

Grant Assurance 1- 39

# Airport Obligations – Grant Assurances

- **Essentially a contract**
- **Funds given in exchange for assurances regarding the airport and its operation and maintenance**
- **Grant Assurances, as applicable, are required of all airport sponsors**

# Grant Assurances (most popular)

- **G.A. #5 - Preserving Rights & Powers**
- **G.A. #20 - Hazard Removal & Mitigation**
- **G.A. #21 - Compatible Land Use**
- **G.A. #22 - Economic Nondiscrimination**
- **G.A. #23 – Exclusive Rights**
- **G.A. #24 - Fee and Rental Structure**
- **G.A. #25 - Airport Revenues**
- **G.A. #31 - Disposal of Land**

# G.A. #5 –

## Preserving Rights & Powers

- **Ensure that current/future plans will not deprive the airport of its rights and powers**

“b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application...”

- **Review airports’ policies and procedures to ensure that you are not giving away rights and responsibilities**
  - **Through-the-fence**

# G.A. #20 – Hazard Removal & Mitigation

- **No hazards to air navigation in the immediate vicinity of the airport over which the airport owner has jurisdiction**
  - **Example: County owned airport with county responsible for land use and zoning authority**

# G.A. #21 - Compatible Land Use

- **Sponsor must make best efforts to protect Airport from incompatible uses:**
  - **Environmental, Noise, Safety**
  - **Housing is an incompatible land use**

Source: Aviation Week

Source: <http://www.airparks.com>



# **G.A. #22 – Economic Nondiscrimination**

- **Airport open to all aeronautical users**
  - **Without unjust discrimination, unless restriction based on safety or efficiency**
  - **FAA makes final determination of safety and efficiency, including:**
    - ◆ **Safety & Efficiency Studies by Flight Standards and Air Traffic**

# Aeronautical Activity – Definition

- Any activity that involves, makes possible, or is required for the operation of aircraft or that contributes to or is required for the safety of such operations.

# Aeronautical Activity Includes But Is Not Limited To

- Air Taxi and Charter Operations
- Scheduled or nonscheduled Air Carrier Services
- Pilot Training
- Aircraft Rental and Sightseeing
- Aerial Photography
- Crop Dusting
- Aerial Advertising and Surveying
- Aircraft Sales and Service
- Aircraft Storage
- Sale of Aviation Petroleum Products
- Repair and Maintenance of Aircraft
- Sale of Aircraft Parts
- Parachute Activities
- Ultralight Activities
- Sport Pilot Activities
- Military Flight Operations



# G.A. #22 – Economic Nondiscrimination



Source: FAA

## Examples of Aeronautical Users

**General Aviation**

**Sport Aircraft (Ex. Paragliders)**

**Skydivers**

**Ultralights**

**Agricultural operators**

**Banner Towers**

# G.A. #22 – Economic Nondiscrimination

- Adoption of REASONABLE Minimum Standards
  - May violate G.A. #22 if standards are too difficult to meet or unjustly discriminate among similarly-situated aeronautical users.
  - Standards may pursue other goals:
    - Efficiency
    - Legitimate airport business interests
    - Public aeronautical needs: level and scope of services

# G.A. #23 – Exclusive Rights

- No special privilege or monopoly to engage in aeronautical activity
- Obligation continues as long as the airport is an airport
- Also included in:
  - Surplus property conveyances
  - FAAP/ADAP/AIP grant agreements
  - Section 16/23/516 property conveyances
  - Common to all property transfers & grants

# G.A. #24 - Fee & Rental Structure

- **Requires airport to be as self-sustaining as possible, based on the circumstances at the airport**
- **Aeronautical Fees - May be below FMV but should recover costs**
- **Non-Aeronautical Fees must be at FMV**

# G.A. #24 - Fee & Rental Structure

- **Grant Assurance #24 does not require an airport operator to break even.**
- **Non-discriminatory, low aeronautical rates are rarely in violation of G.A. #24.**
- **Low Non-aeronautical rates could be a violation of G.A. #24 and #25 (next).**

# G.A. #25 - Airport Revenues

**“a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operation costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property...” – G.A. #25, Airport Revenues**

- **Proceeds from land sales or leases are airport revenue**
- **Requirement continues indefinitely as long as airport is operating**

# G.A. #31 - Disposal of Land (Noise)

Grant Land purchased for Noise  
Compatibility Project (NCP):

- **Dispose of land when it is made compatible**
- **At FMV**
- **At earliest practicable time**
- **Revenue is either**
  - **Returned to Trust Fund**
  - **Reinvested in an approved NCP**

# G.A. #31 - Disposal of Land

Land purchased with grant funds for development:

- **Dispose of land when it is no longer needed for airport purposes**
- **At FMV**
- **Revenue proportionate to FAA invested share**
  - **Be reinvested in another eligible AIP project, approved by the FAA**
  - **Paid to the Trust Fund if no eligible project exists**

# Duration of AIP Grant Assurances

- **20 Years or the useful life of the facilities developed or equipment purchased**
  
- **No Time Limit for -**
  - Exclusive Rights
  - Airport Revenue
  - Civil Rights
  - Real Property Acquired with Federal Funds

# Newer Grant Assurances

- **1997: #36**– Access by Intercity Buses
  
- **2005: #38** - Hangar Construction and  
**#39** - Competitive Access

# G.A. #36 - Access By Intercity Bus

**“The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport, however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation..”**

# G.A. #38 - Hangar Construction

**“If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner’s expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.”**

# G.A. #39 - Competitive Access

“a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at the airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that

—

1. Describes the requests;
2. Provides an explanation as to why the requests could not be accommodated; and,
3. Provides a time frame within which, if any, the airport will be able to accommodate the requests.

b. Such a report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.”

# Other Airport Obligations

In addition to Grant Assurances, Airports incur:

## ➤ Property Conveyances Obligations

- Surplus and Non-surplus

## ➤ Obligations by Law for Federally-assisted airports

- Exclusive Rights
- Civil Rights
- Revenue Use

# Where can you find the grant assurances?

- [http://www.faa.gov/airports\\_airtraffic/airports/airport\\_obligations/](http://www.faa.gov/airports_airtraffic/airports/airport_obligations/)
- In addition to the grant assurances, you can also find information on the airport compliance program, past formal complaint decisions and advisory circulars on exclusive rights and commercial minimum standards.

# Questions

