



U. S. Department  
of Transportation  
**Federal Aviation  
Administration**

Great Lakes Region  
Illinois, Indiana, Michigan  
Minnesota, North Dakota,  
Ohio, South Dakota,  
Wisconsin

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## **REGIONAL GUIDANCE LETTER—AIRPORTS DIVISION**

- NUMBER:** 5100.20
- DATE:** December 12, 2007 (replaces PPM 5100.19 dated October 16, 2006)
- SUBJECT:** Airports Capital Improvement Plan (ACIP) Process and Associated Airport Improvement Program (AIP) Grant Administration
- REFERENCES:** Title 49 United States Code (USC), Section 47115(d)(2) (“the Act”)
- FAA Order 5100.38, “Airport Improvement Program Handbook”  
[http://www.faa.gov/airports\\_airtraffic/airports/aip/aip\\_handbook/](http://www.faa.gov/airports_airtraffic/airports/aip/aip_handbook/)
- FAA Order 5100.39, “Airports Capital Improvement Plan”  
[http://www.faa.gov/airports\\_airtraffic/airports/resources/publications/orders/media/AIP\\_5100\\_39A.pdf](http://www.faa.gov/airports_airtraffic/airports/resources/publications/orders/media/AIP_5100_39A.pdf)
- FAA Order 5050.4, “National Environmental Policy Act (NEPA) Implementing Instructions for Airport Actions”  
[http://www.faa.gov/airports\\_airtraffic/airports/resources/publications/orders/environmental\\_5050\\_4/](http://www.faa.gov/airports_airtraffic/airports/resources/publications/orders/environmental_5050_4/)

### **BACKGROUND:**

Section 47155(d)(2) of the Act requires that, in selecting a project for a grant that includes Discretionary funds, “the Secretary shall consider among other factors whether:

- A. funding has been provided for all other projects qualifying for funding during the fiscal year under this chapter that have attained a higher score under the numerical priority system employed by the Secretary in administering the fund; and
- B. the sponsor will be able to commence the work identified in the project application in the fiscal year in which the grant is made or within 6 months after the grant is made, whichever is later.”

The Great Lakes Region has established these policy clarifications in response to concerns expressed by states, individual airport sponsors and consultants regarding the iterative process of funding decisions. The broad objectives are to ensure that the states and airports in the Region receive the best possible information regarding the potential availability of AIP Discretionary funds for specific proposed projects, and ensure that AIP funds are used in the most effective and efficient manner to create improvements in terms of airport safety, capacity and efficiency.

## **REGIONAL POLICY:**

The purpose of this Regional Guidance Letter (RGL) is to supplement the above-referenced FAA orders. This RGL establishes policy and procedure for the FAA's Great Lakes Region only.

1. **Airports Capital Improvement Plan (ACIP) process.** In order to provide states and airport sponsors with the best possible information regarding potential funding, the ACIP process must be driven by effective capital planning with a longer-term view than the first year of the three-year plan. It shall be the policy of the Great Lakes Region that between FY-2007 and FY-2009, we will transition to a point where the principal focus of the three-year ACIP process is on the third year of the plan. The objective is that projects identified for potential funding in the first and second years are advancing towards implementation with a greater degree of certainty.

To assist in this transition, Attachment A provides a tool for tracking key milestones that sponsors should be addressing as they develop their capital plans and seek to advance high-priority projects.

2. **Regional allocation of Discretionary funds.** The Planning/Programming Branch (AGL-610) has the primary responsibility for allocating Planning Ceilings, establishing regional policies regarding the administration of Discretionary Candidate Lists, and allocating Discretionary funds among the Airports District Offices (ADOs) as funds become available.

Factors considered in the allocation of funds among the ADOs may include, among others, demonstrated need in terms of specific projects of highest priorities according to the National Priority System; levels of activity in terms of enplanements and operations (for primary airports) and operations or based aircraft (for nonprimary airports); and numbers of NPIAS airports by type and category. Other factors may include statutory obligations (such as Letters of Intent, Military Airport Program, environmental set-aside funds and Runway Safety Area improvement projects) as well as national initiatives.

AGL-610 shall conduct an annual meeting with the ADOs, generally during the first quarter of each fiscal year, to review and discuss factors the ADOs believe should be considered in allocating Planning Ceilings for the ACIP process to be initiated in March of the following year.

AGL-610 shall establish a preliminary allocation methodology during the first quarter of each fiscal year and communicate that allocation to the ADOs to support the ADOs in their capital planning process with states and sponsors.

To reinforce the need to shift the principal focus to the third year of the ACIP, AGL-610 will make every effort to avoid changes in the Planning Ceiling for the first year of the ACIP.

3. **Discretionary Standby List.** At the national level, FAA has established guidance that each region shall maintain an overall “Candidate List” that is approximately 12 percent greater than the Discretionary funds projected to be available, in order to ensure that there are sufficient projects ready to absorb any available funding, particularly if for any reason a higher-priority project does not proceed.

Each ADO shall delineate between projects that it recommends for funding—based on the projected available funds—versus “standby” projects that are technically on the Candidate List but will not be funded unless a higher-priority project is unable to proceed. AGL-610 shall prescribe specific means of delineating projects in the System of Airports Reporting (SOAR).

Generally, projects proposed for the standby list should not be new projects; rather, they should generally be subsequent or final phases of projects already underway. Sponsors are encouraged to recognize that designing and bidding projects in phases and/or with bid alternates may enhance the FAA’s ability to offer Discretionary funds if they become available.

4. **Publication of Discretionary funding priorities.** During the first quarter of each fiscal year, the Great Lakes Region will announce the general types of projects that are likely to represent the highest priorities for Discretionary funding during that fiscal year.

The Region will also identify longer-term priorities and initiatives to help guide states and sponsors in their own longer-term capital development planning. This will provide guidance to the annual ACIP process as well as the National Plan for Integrated Airport Systems (NPIAS) update.

5. **Use of Entitlement funds.** Sponsors are expected to use all available Entitlement funds for the highest-priority projects. This includes projects that the FAA considers high-priority safety improvements, including approved recommendations from a Runway Safety Action Team (RSAT) report, Runway Safety Area (RSA) or Runway Protection Zone (RPZ) improvements, or projects or equipment required pursuant to Part 139.

This also includes a requirement that the ADO review a current pavement management plan (prepared consistent with AIP grant assurances) to ensure that the highest-priority airside needs are being addressed with Entitlement funds.

6. **Contingency Project Funding Plan.** Before an ADO places a project on the Discretionary Candidate List, the sponsor must provide the ADO a contingency plan for the project in case the requested Discretionary funds do not become available. Contingency plans may involve any combination of deferring the project, breaking the project into smaller phases, other funding sources, and/or reconsidering other project priorities.

The FAA will not disqualify a project from potential Discretionary funding simply on the grounds that a sponsor has identified alternative funding sources. On the

contrary, the FAA may give greater consideration to a project that is well-supported by other funding sources, and is not unduly reliant upon Discretionary funds.

7. **Contingency Plan and Trigger Date for Entitlements.** For proposed projects that would require both Discretionary and Entitlement funds, the sponsor must provide the ADO with a contingency plan in case the Discretionary funds do not become available during the fiscal year. The contingency plan would explain how the Entitlement funds will be used. Contingency plans may include implementing a smaller phase of the project, a multi-year project using future-year Entitlements (where permissible), redirecting the Entitlements to other projects, or carrying the funds over to the following year.

AGL-610 will establish a "Trigger Date" each year (typically August 1st) beyond which any such Entitlement funds will be carried over if the requested Discretionary funds have not become available.

8. **Enforcement of grant application deadline.** Each year, pursuant to statute, the FAA publishes an announcement in the *Federal Register* establishing a "Deadline for Notification of Intent To Use the Airport Improvement Program (AIP) Sponsor, Cargo, and Nonprimary Entitlement Funds" for that fiscal year. The announcement typically states that "Absent an acceptable application by May 1, [current year], FAA will defer an airport's entitlement funds until the next fiscal year." This notice applies to "those airports that have had entitlement funds apportioned to them, except those nonprimary airports located in designated Block Grant States."

Beginning in Federal Fiscal Year 2008, it shall be the policy of the Great Lakes Region that sponsors be prepared to submit a formal grant application for Entitlement-only grants on or before May 1. If a sponsor is not prepared to submit a grant application, then the associated funds shall be carried over to the following Federal fiscal year in accordance with the provisions of the *Federal Register* notice.

The ADO Manager shall have the authority to grant an extension of no more than thirty (30) calendar days from the published deadline. Otherwise, the ADO shall carry over the funds within thirty (30) calendar days of the published deadline. Pursuant to the annual *Federal Register* notice, airport sponsors may then request unused entitlements after September 30th, pending appropriations and apportionment.

If, after submitting a timely application, an airport sponsor elects not to proceed with the project for any reason, the sponsor may request permission to submit a revised application for a different high-priority project, in accordance with the FAA's National Priority System (NPS). Under such circumstances, all other requirements, including environmental review, must be completed before the project may proceed.

9. **Advance programming.** In order to be in a position to obligate funds as swiftly as possible, it shall be the policy of the Great Lakes Region to support advance programming of Entitlement funds whenever possible in accordance with all applicable statutory, regulatory and procedural guidelines. The principal benefit of

this practice is that once the programming process is complete, the funds may then be obligated as soon as they are made available to the Region and bids are taken.

**10. Elimination of “placeholder” projects.** In order to ensure that states and individual airports are using AIP funds for the highest priority needs at each location, it shall be the policy of the Great Lakes Region that a sponsor may not change a project that was referenced in an AIP grant application to a different project whose National Priority Rating (NPR) is lower than the original project.

**11. Environmental review deadlines.** FAA Order 5050.4B, Paragraph 302(b)(1) states that on projects for which the sponsor will request Discretionary funding, for an action that is normally a categorical exclusion, “sponsors should provide the responsible FAA [office] with information about a proposed action and its associated impacts by April 30th of the fiscal year preceding the fiscal year in which the sponsor is requesting Discretionary funding.”

The same section states that on projects for which the sponsor will request Discretionary funding, for an action normally requiring an Environmental Assessment (EA), Sponsors should “develop a schedule that provides them enough time to submit a final, FAA-accepted EA by April 30th of the FY preceding the FY in which the sponsor is requesting discretionary AIP funding.”

It shall be the policy of the Great Lakes Region that by February 1 of each year, the ADO must identify the level of environmental review they believe will be required for projects included in the ACIP submittal, and the anticipated date when environmental documentation will be completed. That date must be no later than the beginning of the fiscal year in which funding is requested.

Submission of the environmental documentation by these dates is not a guarantee that a project will be considered for funding. Sponsors are encouraged to complete the necessary environmental reviews as early as possible, with sufficient early coordination with FAA and other Federal, state and local agencies as required.

**12. Separate engineering grants and construction grants.** As shown in Attachment A, the basic objective is to complete engineering design approximately three to six months prior to construction, early enough in the fiscal year to take full advantage of the construction season. In cases where the design work cannot be completed in time to support the timely award of a construction grant, it shall be the policy of the Great Lakes Region to consider awarding separate grants for engineering design and construction phases. Such grants will be funded only if the associated construction has every expectation of beginning within two years, without relying upon Discretionary funds.

The basic objectives are to complete environmental review at least 12 months prior to beginning construction, and to complete engineering design approximately three to six months prior to construction.

**13. Grants based on bids.** Airport sponsors benefit greatly from the requirement that construction and equipment grants be issued only after sponsors have received

competitive bids, rather than based on engineering estimates. For land acquisition, grants should be based on negotiated purchase agreements (rather than on appraisals). The principal benefit is that grant amounts have been more accurate, and therefore grant funds have not been needlessly obligated and sat unused for years before being returned to the Trust Fund.

It shall continue to be the policy of the Great Lakes Region that grants for construction and equipment are to be issued only after competitive bids have been received.

14. **Project phasing.** Because one of the principal objectives is to ensure that appropriated funds are used in the most efficient manner possible, it shall be the policy of the Great Lakes Region that Discretionary funding will generally be awarded in an amount commensurate with construction that can be undertaken in one construction season—or, in cases where grants are issued late in the season, for the remainder of that year and the following construction season. ADO Managers may consider exceptions in cases where the project is of a nature that cannot be accomplished in a single construction season, or where requiring the project to be bid in separate phases would result in a significant increase in overall capital cost. Sponsors are encouraged to recognize that designing and bidding projects in phases and/or with bid alternates may enhance the FAA's ability to offer Discretionary funds if they become available.

The policies set forth herein are effective with the FY 2009-2011 ACIP process, and continue the phased implementation initiated in November 2006. The Great Lakes Region may waive certain provisions in exceptional situations, which must be coordinated through the appropriate ADO.

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Great Lakes Region

**ATTACHMENT A—GENERAL MILESTONES FOR PROPOSED AIP PROJECTS**

<b>Four (4) years before proposed construction</b>	<b>Status</b>
• Identify potential projects and coordinate with Airports District Office (ADO).	
• Identify proposed funding sources.	
• Verify justification and funding eligibility in coordination with ADO.	
• Determine whether Airport Layout Plan (ALP) or Exhibit A need to be updated.	
• Review AIP-eligible projects for alignment with established Federal priorities.	
• For new, extended or relocated runways, identify required flight procedure modifications.	
• For new, extended or relocated runways, or any project that may affect an area of potentially significant environmental sensitivity (including wetlands or noncompatible land use), initiate environmental review process in coordination with FAA and other Federal, state and local agencies.	

<b>Three (3) years before proposed construction</b>	<b>Status</b>
• Establish scope of project and develop initial cost estimate.	
• Determine whether a Benefit/Cost Analysis (BCA) or risk assessment may be required. If a BCA will be required, conduct screening-level evaluation.	
• Determine whether existing NAVAIDS affected, or new NAVAIDS required.	
• Determine whether flight procedures may need to be modified, and initiate obstruction survey if necessary.	
• Determine level of environmental review required.	
• Determine whether Disadvantaged Business Enterprise (DBE) goals need to be established or updated.	

<b>Two (2) years before proposed construction</b>	<b>Status</b>
• Update ALP if necessary.	
• Initiate environmental review (if categorical exclusion or environmental assessment).	
• Refine scope and cost estimate.	
• Coordinate NAVAIDS requirements.	
• Coordinate new or modified flight procedures.	
• Coordinate airspace review.	
• Prepare and submit Benefit/Cost Analysis if required.	

<b>One (1) year before proposed construction</b>	<b>Status</b>
• Finalize scope of project.	
• Complete 90% design, plans and specifications and refine cost estimate.	
• Prepare Construction Safety Phasing Plan.	
• Establish reimbursable agreement to support NAVAIDS if necessary.	
• Complete environmental review (see specific deadlines on page 3).	
• Secure additional environmental or other required approvals or permits.	
• Finalize ALP update.	

<b>Year of planned construction</b>	<b>Status</b>
• Advertise and secure bids.	
• Submit grant application.	

<b>Prepared by</b>	
<b>Updated by</b>	[insert name]
	[insert title]
	[insert organization]
<b>Date</b>	[insert date updated]