

# **New Policy Reimbursable Agreement**

**March 9-10, 2005**

Mike Nicely, Manager Texas Airport Development Office, ASW-650

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# Reimbursable Agreements

- F&E appropriation /Corporate Work Plan dictates projects and resources to be accomplished in fiscal year
- Appropriate when the Project Sponsor plans a project that will impact an existing FAA facility
- Project Sponsor can be: State, County, City, Airport Authority, Airline or Private Citizen
- A written agreement executed by a Contracting Officer of the FAA and a project sponsor
- The FAA provides material and / or services.
- The project sponsor provides reimbursement to the FAA for actual expenses

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# Executive Branch Policy Impact

- OMB Budget guidance (A-11) requires agencies to cover obligations on reimbursable agreements with the public by:
  - Collecting advances
  - Using working capital
- FAA past practice
  - Never required advances until recently
  - Used appropriated funds to front customers
  - Collected monies after work was completed

# Impact of using FAA funds

- \$8+M actual shortfall in FY2003 Facilities and Equipment appropriation
- Creates a potential to overspend appropriations (anti-deficiency)

# Funding Example

	FY03	FY04	FY05	
<b>Beginning Balance</b>	\$3,000	\$ 1,992	\$ 989	
<b>Obligations</b>	(\$1,000)	(\$1,000)	(\$995)	
<b>Ending Balance</b>	\$2,000	\$992	(\$6)	← Anti-Deficiency
<b>Reimbursable Obligations</b>	(\$100)	(\$100)	(\$100)	
<b>Reimbursable Collections</b>	\$92	\$97	\$97	
<b>Net Ending Balance</b>	\$ 1,992	\$ 989	\$ (9)	
<b>Lost F&amp;E Funding</b>	\$ 8	\$ 3	\$ 3	← \$14M Lost

# Summary of Recent Policy Change

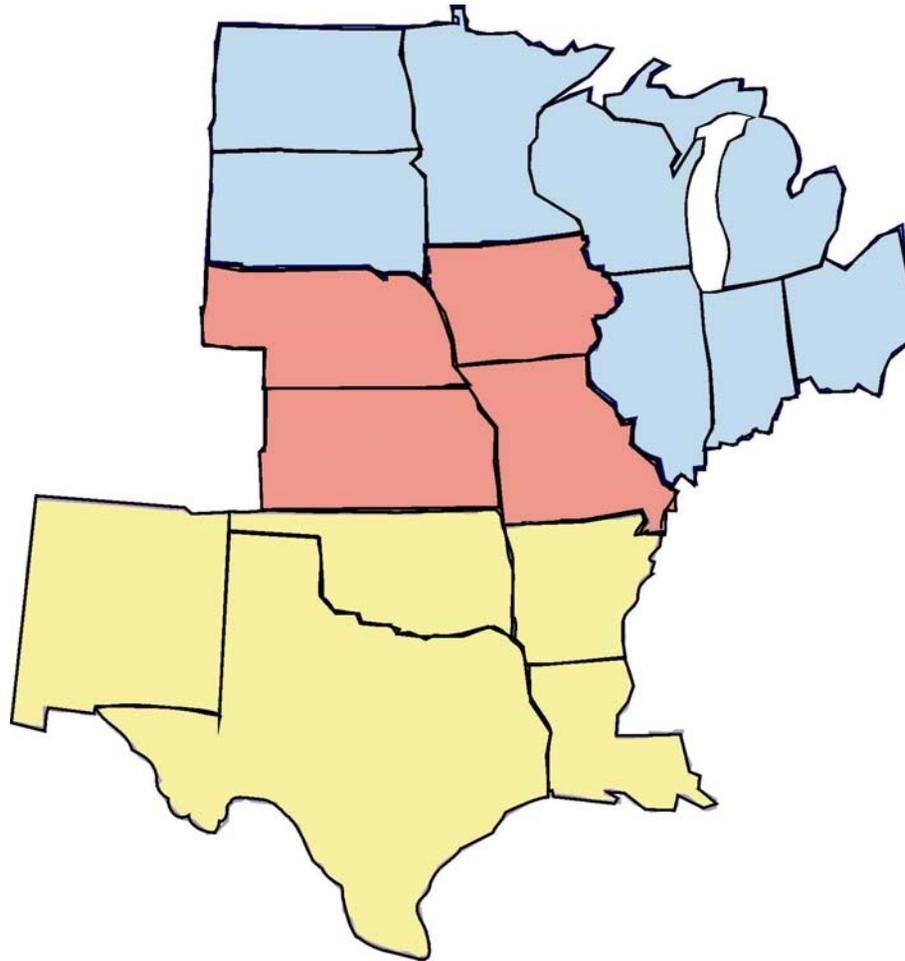
- Advance requirements
  - \$25K or less – full
  - >\$25K for small business/airport – 1-month
  - >\$25K for other business/medium hub or large airport – 3-month
- Advance computation based on average monthly cost
- May waive overhead when:
  - Airport grant is a funding source
  - FAA receives an asset
  - Sponsor pays thru lease-to-own arrangement
  - Sponsor donates local funds for installing FAA-owned equipment

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# Central Service Area Technical Operations



# **Central Service Area Technical Operations Engineering Services**

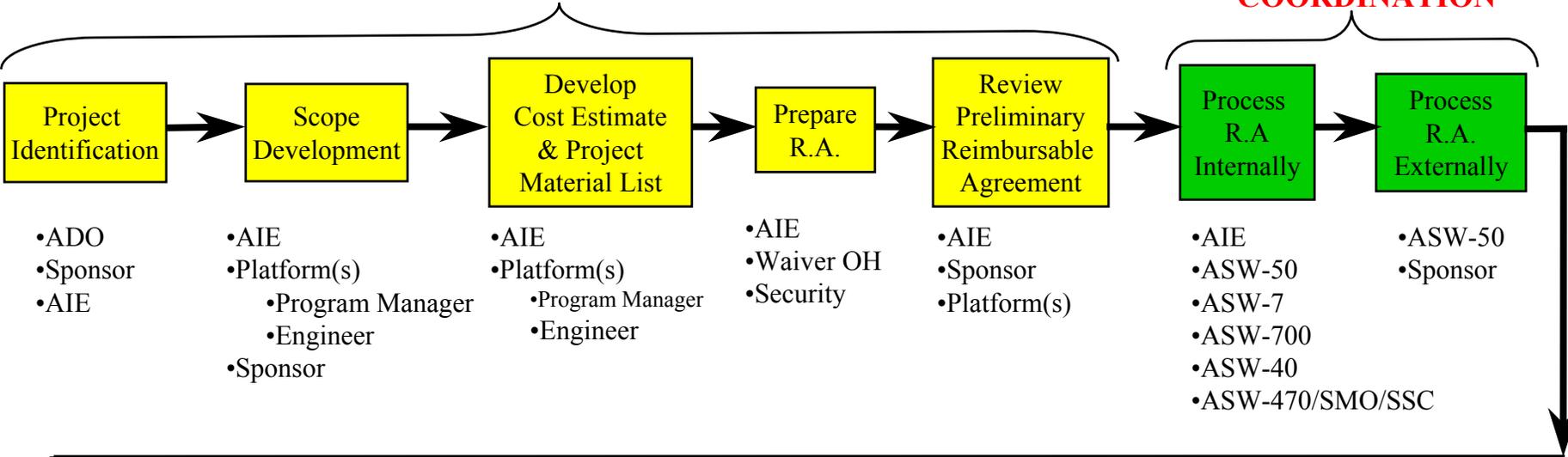
- Responsible for modernization of the National Airspace System (NAS) Facilities and Equipment (F&E).
- Planning, Design, Construction and Installation.
- Nav aids, Surveillance, Communications, Weather Air Traffic Control Towers and Enroute Centers.



# Typical Reimbursable Agreement (RA) Process

## REIMBURSABLE AGREEMENT DEVELOPMENT

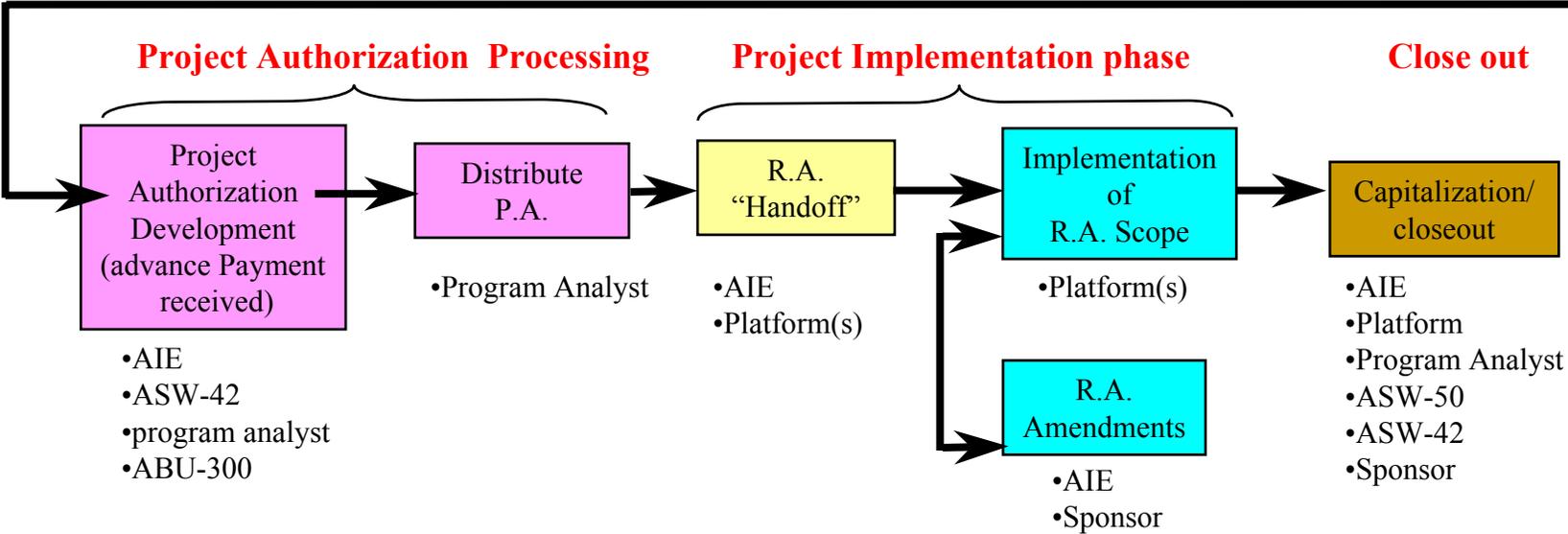
## R.A. APPROVAL/ COORDINATION



## Project Authorization Processing

## Project Implementation phase

## Close out



# Reimbursable Agreement Development

- Project Sponsor sends letter to FAA with the following information prior to the start of design:
  - Type of funds being used for the project
  - Detail scope of work
  - List of FAA facilities impacted
  - Name / Title / Address / Phone Number of:
    - Sponsor's Technical Representative
    - Person with Authority to sign reimbursable on behalf of the sponsor
    - Billing
- Coordination/ Approval

# Reimbursable Agreement Authorization/ Implementation

- FAA will collect the advance after both parties sign the agreement and before incurring any obligations (labor and non-labor).
- FAA engineering Design/ Review
- Construction Oversight
- Equipment Installation, Integration, check out
- Acceptance, Commission, close out

# Typical Reimbursable Agreement

- **Phase I:** AIE Initiates a limited Reimbursable Agreement
  - Help in the design and development
  - Covers cost for developing cost estimates, scope of work, site survey, engineering review plans.
- **Phase II:** AIE initiates a full Reimbursable Agreement
  - Project scope for phase II, estimated costs for actual implementation of project and roles and responsibilities between Sponsor and FAA determined.

# Adjustments to the Estimate

- FAA will review estimated cost in each agreement periodically.
- Adjustments to the estimate and average monthly cost will be accomplished through a modification to the agreement.

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# Airport Program

- For work funded through an Airport grant, advances are considered allowable costs for which grantees can request reimbursement.
- Sponsor can apply for exemption from overhead rates:
  - AIP is a funding source
  - FAA will acquire an asset at the end of process
  - FAA will reimburse the sponsor through Lease payments
  - Installation of FAA owned/acquired asset

# Wrap-up

Q&A session