U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

ORDER
5100.38D

National Policy
Draft – Not for Official Use

Effective date:
TBD

SUBJ: Airport Improvement Program Handbook

1. PURPOSE.

This Handbook provides guidance and sets forth policy and procedures to be used in the administration of the Airport Improvement Program. Numerous FAA orders and advisory circulars are referred to in this directive. The references appear as the basic publication number without any suffix. The intent is for the reader to reference the latest version of the publication.

2. DISTRIBUTION.

This Handbook is available to all interested parties on the FAA Office of Airports website (see Appendix B for link).

3. CANCELLATION.

This Handbook cancels the following two orders:

- FAA Order 5100.38C, Airport Improvement Program Handbook (dated June 28, 2005).
- FAA Order 5100.20C, Programming Control and Reporting Procedures Grant-In-Aid Program (dated December 7, 1999).

4. EXPLANATION OF CHANGES.

This Handbook replaces the above two orders with updated information that reflects current legislation and policy. The order has been streamlined and where there is a more appropriate source of guidance (such as in other orders or advisory circulars), the guidance in this Handbook has been deleted and appropriate references provided. This included deleting guidance on airport planning, capital planning, labor rates, and civil rights.

This version of the Handbook was completely reorganized and rewritten to incorporate the plain language requirements in the current version of FAA Order 1000.36, FAA Writing Standards; to clearly differentiate what is required by law and policy; to incorporate program guidance letters issued prior to July 30, 2012; and to incorporate legislation from the FAA Modernization and Reform Act of 2012.

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Chapter 1. What do I need to know about this order?

1-1. This Order Is Called the *Handbook*.

Throughout this document, we refer to this order (FAA Order 5300-38D, Airport Improvement Program Handbook) as the *Handbook*.

1-2. Purpose of the Handbook.

This Handbook provides guidance and sets forth policies and procedures for the Airport Improvement Program (AIP).

1-3. Handbook Audience.

All FAA organizations that work with the Airport Improvement Program will use this Handbook, in particular, the FAA Office of Airports (ARP) headquarters and field offices. This Handbook will also be publicly available to airports, consultants, state agencies and others associated with the Airport Improvement Program.

1-4. Handbook Location on the Internet.

You can find this Handbook on the FAA Office of Airports website (see Appendix B for link).

1-5. Publications this Handbook Cancels.

a. FAA Order 5100.38C, AIP Handbook, dated June 28, 2005.

b. FAA Order 5100.20C, Programming Control and Reporting Procedures Grant-In-Aid Program, dated December 7, 1999.

1-6. Relevant AIP Legislation (Referred to as the Act).

The contents of this Handbook are based on the AIP related legislation contained in the United States Code (USC). Throughout this Handbook, the AIP related legislation under Title 49 is referred to as the *Act*. This legislation is shown in Table 1-1. Previously, AIP was authorized by the Airport and Airway Improvement Act of 1982 (Public Law 97-248), which Congress repealed in 1994 and recodified as Title 49 (Public Law 103-272).

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Table 1-1. AIP Related Legislation

The USC contains…	Which contains…	Which contains….	Which contains…	That Authorizes…	Under Sections (§)…
Title 49 (Transportation)	Subtitle VII (Aviation Programs)	Part B (Airport Development and Noise)	Chapter 471 (Airport Development)	The Airport Improvement Program	49 USC § 47101 through 49 USC § 47175 Most, but not all, of sections within this range apply.
Title 49 (Transportation)	Subtitle VII (Aviation Programs)	Part B (Airport Development and Noise)	Chapter 475 (Noise)	Noise compatibility planning and projects	49 USC § 47501 through 49 USC § 47507 Most, but not all, of sections within this range apply.
Title 49 (Transportation)	Subtitle VII (Aviation Programs)	Part C (Financing)	Chapter 481 (Airport and Airway Trust Fund Authorizations).	The FAA to have contract authority to issue grants	49 USC § 48103
Title 49 (Transportation)	Subtitle VII (Aviation Programs)	Part A (Air Commerce and Safety)	Chapter 445 (Facilities, Personnel, and Research)	The FAA to install an instrument landing system with AIP funds that can be turned over to the FAA for operation and maintenance	49 USC § 44502(e)

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1-7. Format for References to the Act.

Specific references to sections (§) of the Act are provided in the form of 49 USC § XXXXX. It is useful to note that the first three numbers in the section reference are always the chapter number.

1-8. Broad Objective of the Act.

The Act's broad objective is to help in developing a nationwide system of public-use airports that meets the current needs and the projected growth of civil aviation.

1-9. The Act Is a *Permissive* Statute.

The key nature of the Act is that it is a *permissive statute*, rather than a mandatory or prohibitory one. Put more simply, if the AIP statute does not provide the authority to fund an action or an item, that action or item cannot be funded under AIP.

A permissive statute does not contain a comprehensive list of mandatory or prohibited actions. Rather, a permissive statute gives permission to do certain things. As such, an airport is not required to construct all of the items that are allowed under AIP, but may do so provided that the FAA determines that the items are justified at that airport.

This is not a concept exclusive to AIP. This is a rule that stems from federal appropriations law, which applies to federal agencies. The Government Accountability Office's (GAO) Principles of Federal Appropriations Law, Third Edition (commonly referred to as the Red Book) states that "A federal agency is a creature of law and can function only to the extent authorized by law". The Supreme Court (United States v. MacCollom, 426 U.S. 317, 321 (1976)) has upheld this notion by stating "The established rule is that the expenditure of public funds is proper only when authorized by Congress, not that public funds may be expended unless prohibited by Congress."

1-10. Aviation Priorities in the Act.

49 USC **§** 47101 lists the policy directives and aviation priorities of the United States. These priorities include:

a. Providing a safe and secure airport and airway system.

b. Minimizing airport noise impacts on nearby communities.

c. Developing reliever airports, cargo hub airports, and intermodalism.

d. Protecting natural resources.

e. Reducing aircraft delays.

f. Converting former military air bases to civil use or improving joint-use airports.

g. Carrying out various other projects to ensure a safe and efficient airport system.

1-11. List of Handbook References (with Links to the Associated Websites).

Appendix B contains a list of the documents referenced in this Handbook. Links for these references are also provided in the Appendix B (they are not given again in the Handbook) and were current on the Handbook publication date. Each reference is also followed by a brief summary of what the document contains and how it relates to AIP. The versions of these reference documents are not given. It is the intent that the reader refer to the current version of the document.

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1-12. General Principles of this Handbook.

The contents of this Handbook are based on principles below:

a. AIP Handbook. The Handbook is the published policy for AIP.

b. Regional Office Discretion. Unless set procedures are necessary to achieve national standardization in grant program administration, regional offices may adjust procedures that are not dictated by legislation, rule, this Handbook, other published federal policy, or reasons beyond the FAA's control.

c. Reference to Other Guidance. The Handbook summarizes pertinent information from other guidance material when appropriate to relieve users from needing to reference another document. The source documents, rather than this Handbook, are the authoritative technical sources; however, this Handbook is the authoritative source on AIP, including eligibility.

1-13. Warning on Taking Handbook Text out of Context.

There may be paragraphs in this Handbook that appear to conflict with the general requirements for eligibility, justification, or program administration. This is usually due to legislative exceptions for a specific project or location. These exceptions do not amend, change, or modify the general guidance and requirements. These exceptions do not apply to other situations and must not be taken out of context.

1-14. Use of the Term Airports District Office (ADO).

For the purposes of this Handbook, we are using ADO to reference the FAA Office of Airports office that directly works with the sponsor. In regional offices that do not have ADOs, the use of the term ADO refers to the FAA Office of Airports branch within the regional office that deals directly with the sponsors.

1-15. FAA Office of Airports Positions/Divisions/Branches Referenced in this Handbook.

A list of the key positions within the FAA Office of Airports is contained in Table 1-2 and a list of the divisions and branches within the FAA Office of Airports is contained in Table 1-3. The routing codes for many of these positions, divisions, and branches are used throughout this Handbook.

Table 1-2. FAA Office of Airports Key Positions

Routing Code	Position Name
ARP-1	Associate Administrator
AAS-1	Director, Airport Safety and Standards
APP-1	Director, Airport Planning and Programming

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Table 1-2. FAA Office of Airports Key Positions

Routing Code	Position Name
ACO-1	Director, Airport Compliance and Management Analysis
AXX-600	Regional Division Manager (AXX meaning the regional designation of AAL, AEA, ACE, AGL, ANE, ANM, ASO, ASW, or AWP)

Table 1-3. FAA Office of Airports Divisions and Branches

Routing Code	Organization Name
AAS-100	Airport Engineering Division
AAS-300	Airports Safety and Operations Division
ACO-100	Airport Compliance Division
APP-400	Airport Planning and Environmental Division
APP -500	Airports Financial Assistance Division
APP-510	Financial Analysis and Passenger Facility Charge Branch
APP-520	Airport Improvement Program Branch

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1-16. Location of Handbook Definitions.

Definitions are an important part of this Handbook. As with any large program, there are many words and phrases that have specific, defined meanings within the program. Appendix A contains the definitions of terms used in this Handbook.

1-17. Process for Handbook Changes.

APP-500 will continue to issue program guidance letters (PGLs) for short-term policy guidance between Handbook changes. In addition, APP-500 has the option to issue official numbered changes to the Handbook.

1-18. Supplemental Guidance and Standard Operating Procedures

The FAA Office of Airports has the option of issuing additional guidance to supplement this Handbook. This additional guidance may contain additional requirements that, per FAA policy, the FAA Office of Airports and the sponsor must meet.

1-19. New Handbook Layout and Format.

The format of this version of the Handbook is significantly altered from the last version (FAA Order 5100-38C).

a. Chapters. The chapters are reduced and are organized in question format as shown in Table 1-4. This allows the reader to more easily identify the chapter they need to reference.

b. Appendices. Detailed information and long lists were moved to the appendices to simplify the main body of the Handbook. For instance, while Chapter 3 provides the general requirements that each project must meet in order to be considered for AIP funding, the project specific requirements have been split out into appendices and are in tabular format for easier reference. A list of the appendices is provided in Table 1-5.

Table 1-4. Handbook Chapters

Chapters in this handbook include…
Chapter 1. What do I need to know about this order?
Chapter 2. Who can get a grant?
Chapter 3. What projects can be funded?
Chapter 4. What AIP funding is available?
Chapter 5. How does the grant process work?
Chapter 6. What special AIP programs are available?

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Table 1-5. Handbook Appendices

Appendices in this handbook include…
Appendix A. Definitions of Terms Used in this Handbook
Appendix B. References and Web Links
Appendix C. Prohibited Projects and Unallowable Costs
Appendix D. Miscellaneous Projects
Appendix E. Planning Projects
Appendix F. New Airport Projects
Appendix G. Runway Projects
Appendix H. Taxiway Projects
Appendix I. Apron Projects
Appendix J. Airfield Marking, Signage, and Lighting Projects
Appendix K. Navigational Aid (NAVAID) and Weather Reporting Equipment Projects
Appendix L. Safety and Security Equipment Projects
Appendix M. Other Equipment Projects
Appendix N. Terminal Building Projects
Appendix O. Other Building Projects
Appendix P. Roads and Surface Transportation Projects
Appendix Q. Land Projects
Appendix R. Noise Compatibility Planning/Projects
Appendix S. Environmental Planning/Mitigation Projects
Appendix T. Military Airport Program Projects
Appendix U. Sponsor Procurement Requirements (Including 49 CFR § 18.36)
Appendix V. Forms
Appendix W. Revenue Sources for the Airport and Airway Trust Fund
Appendix X. Competition Plans
Appendix Y. Buy American Guidance
Appendix Z. Grant Assurances

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Chapter 2. Who can get a grant?

2-1. Grant Recipients Are Referred to as Sponsors.

A recipient of an AIP grant is normally called a sponsor.

2-2. Type of Sponsors.

For AIP purposes, sponsors are broken down into the specific types shown in Table 2-1. This table also lists each of the entities that may qualify under each sponsor type.

Table 2-1. Types of Sponsors

For the following type of sponsor…	Only the following entities may qualify…
a. Airport sponsors	Public agency owning (or leasing from another government entity) a public-use airport. A state; a political subdivision of a state (such as a city, municipality, or state agency); a tax-supported organization: and an Indian tribe or pueblo are all considered public agencies. Private entity owning a public-use airport. State acting as a sponsor for one or more specific airports in the state. Indian tribe or pueblo owning or leasing a public-use airport. The Secretary of the Interior, during fiscal years 2012-2015 for Midway Island Airport per Section 151 of the FAA Modernization and Reform Act of 2012 (Public Law 112-95). The Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau (or political subdivision) during fiscal years 2012-2015 per 49 USC § 47115(j).
b. Sponsors that are not currently airport owners (in the planning stages of acquiring or constructing the airport)	Public agency not owning or leasing a public-use airport.
c. Sponsors that are not currently airport owners (after the planning is complete and before the airport is open)	Public agency not owning or leasing a public-use airport.
d. Planning agency sponsors	Metropolitan planning agency. State planning agency. Council of governments.

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Table 2-1. Types of Sponsors

For the following type of sponsor…	Only the following entities may qualify…
e. Noise compatibility project sponsors that are not airport owners	Public agency not owning or leasing a public-use airport.
f. State block grant sponsor	State approved by the FAA to be in the State Block Grant Program.
g. Sponsors for compatible land use *planning* or compatible land use *projects* per 49 USC § 47141	State or local government around a Medium or Large Hub Airports (if the airport has not submitted a Noise Compatibility Program to the FAA or updated the Noise Compatibility Program within the past ten years).
h. Sponsors that are acquiring airport development rights from a privately-owned public-use airport under the pilot program in 49 USC § 47138(a)	State or a political subdivision of a state (such as a city, municipality, or state agency) in the same state as the airport.
i. Sponsors designated under 49 USC § 47118(h)	Federal agency owning an FAA designated safety critical airport.

2-3. Type of Projects Each Sponsor Type Can Receive in a Grant.

For each sponsor type, Table 2-2 lists the entities that qualify for that sponsor type and the types of projects they may receive in a grant.

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Table 2-2. Types of Projects that May be Included in a Grant (by Sponsor Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…
a. Airport sponsors	Public agency owning (or leasing from another government entity) a public-use airport. A state; a political subdivision of a state (such as a city, municipality, or state agency); a tax-supported organization: and an Indian tribe or pueblo are all considered public agencies. Private entity owning a public-use airport. State acting as a sponsor for one or more specific airports in the state. Indian tribe or pueblo owning or leasing a public-use airport. The Secretary of the Interior, during fiscal years 2012-2015 for Midway Island Airport per Section 151 of the FAA Modernization and Reform Act of 2012 (Public Law 112-95). The Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau (or political subdivision) during fiscal years 2012-2015 per 49 USC § 47115(j).	Airport master planning Airport development Noise compatibility planning Noise compatibility projects *Note: When a state is acting as a sponsor for more than one airport within the state, this is often referred to as a various locations grant.*
b. Sponsors that are not currently airport owners (in the planning stages of acquiring or constructing the airport)	Public agency not owning or leasing a public-use airport.	Planning grants associated with acquiring or establishing a public-use airport
c. Sponsors that are not currently airport owners (after the planning is complete and before the airport is open)	Public agency not owning or leasing a public-use airport.	Acquisition of existing airports Acquisition of land in anticipation of constructing a new airport Initial airport development
d. Planning agency sponsors	Metropolitan planning agency. State planning agency. Council of governments.	System planning

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Table 2-2. Types of Projects that May be Included in a Grant (by Sponsor Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…
e. Noise compatibility project sponsors that are not airport owners	Public agency not owning or leasing a public-use airport.	Noise compatibility planning Noise compatibility projects
f. State block grant sponsor	State approved by the FAA to be in the State Block Grant Program.	A state block grant for funds to be issued in subgrants to airports in the State Block Grant Program for: Airport master planning Airport development Noise compatibility planning Noise compatibility projects
g. Sponsors for compatible land use *planning* or compatible land use *projects* per 49 USC § 47141	State or local government around a Medium or Large Hub Airports (if the airport has not submitted a Noise Compatibility Program to the FAA or updated the Noise Compatibility Program within the past ten years).	Compatible land use *planning* and compatible land use *projects*
h. Sponsors that are acquiring airport development rights from a privately-owned public-use airport under the pilot program in 49 USC § 47138(a)	State or a political subdivision of a state (such as a city, municipality, or state agency) in the same state as the airport.	Acquisition of airport development rights

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Table 2-2. Types of Projects that May be Included in a Grant (by Sponsor Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…
j. Sponsors designated under 49 USC § 47118(h)	Federal agency owning an FAA designated safety critical airport.	A project to preserve or enhance minimum airfield infrastructure if the project meets all of the following criteria: **(1)** The project is necessary to meet the minimum safety and emergency operational requirements established under 14 CFR Part 139. **(2)** The project is necessary to support emergency diversionary operations for transoceanic flights in locations that meet the following criteria: **(a)** Locations within United States jurisdiction or control. **(b)** Locations where there is a demonstrable lack of diversionary airports within the distance or flight-time required by regulations governing transoceanic flights.

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2-4. Grant Assurances – Definition and Which Ones to Use.

When airport owners or sponsors, planning agencies, or other organizations accept AIP funds, they must agree to certain obligations. These obligations are called the grant assurances. The grant assurances require the recipients to maintain and operate their facilities safely and efficiently and in accordance with specified conditions. These grant assurances are either included in the grant or are specifically incorporated by reference. The assurances are based on the legislation shown in Table 2-3.

Table 2-3. Statutory Basis for Grant Assurances

The following statutory reference…	Does the following…
49 USC § 47105	Gives the requirements for FAA to approve a grant application.

Table 2-3. Statutory Basis for Grant Assurances

The following statutory reference…	Does the following…
49 USC § 47106	Permits the FAA to give a grant if the FAA is satisfied that a number of specific project requirements will be met.
49 USC § 47107	Requires the FAA to get written assurances from sponsors concerning current and future airport operations.

There are three sets of grant assurances (Sponsor, Planning Agency, and Non-Sponsors Undertaking Noise Compatibility Program Projects). The sets include only those assurances that apply to the project and/or sponsor type. For each sponsor type, Table 2-4 lists the entities that qualify for that sponsor type, the types of projects they may receive a grant for, and the set of grant assurances they must follow. The three sets of grant assurances are available in Appendix Z.

Table 2-4. Applicable Grants Assurances (by Sponsor and Project Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…	And must follow this set of grant assurances…
a. Airport sponsors	Public agency owning (or leasing from another government entity) a public-use airport. A state; a political subdivision of a state (such as a city, municipality, or state agency); a tax-supported organization: and an Indian tribe or pueblo are all considered public agencies. Private entity owning a public-use airport. State acting as a sponsor for one or more specific airports in the state. Indian tribe or pueblo owning or leasing a public-use airport. The Secretary of the Interior, during fiscal years 2012-2015 for Midway Island Airport per	Airport master planning Airport development Noise compatibility planning Noise compatibility projects *Note: When a state is acting as a sponsor for more than one airport within the state, this is often referred to as a various locations grant.*	Sponsor

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Table 2-4. Applicable Grants Assurances (by Sponsor and Project Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…	And must follow this set of grant assurances…
	Section 151 of the FAA Modernization and Reform Act of 2012 (Public Law 112-95). The Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau (or political subdivision) during fiscal years 2012-2015 per 49 USC § 47115(j).		
b. Sponsors that are not currently airport owners (in the planning stages of acquiring or constructing the airport)	Public agency not owning or leasing a public-use airport.	Planning grants associated with acquiring or establishing a public-use airport	Planning Agency
c. Sponsors that are not currently airport owners (after the planning is complete and before the airport is open)	Public agency not owning or leasing a public-use airport.	Acquisition of existing airports Acquisition of land in anticipation of constructing a new airport Initial airport development	Sponsor
d. Planning agency sponsors	Metropolitan planning agency. State planning agency.	System planning	Planning Agency
e. Noise compatibility project sponsors that are not airport owners	Public agency not owning or leasing a public-use airport.	Noise compatibility planning Noise compatibility projects	Non-Airport Sponsors Undertaking Noise Compatibility Program Projects

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Table 2-4. Applicable Grants Assurances (by Sponsor and Project Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…	And must follow this set of grant assurances…
f. State Block Grant Program sponsor	State approved by the FAA to be in the State Block Grant Program.	Planning Airport development Noise compatibility planning Noise compatibility projects	Sponsor Note that these assurances are *not* included in the state block grant. Instead, the state block grant sponsor is required to include these assurances in each subgrant.
g. Sponsors for compatible land use *planning* or compatible land use *projects* per 49 USC § 47141	State or local government around a Medium or Large Hub Airports (if the airport has not submitted a Noise Compatibility Program to the FAA or updated the Noise Compatibility Program within the past ten years).	Compatible land use *planning* and compatible land use *projects*	Non-Airport Sponsors Undertaking Noise Compatibility Program Projects
i. Sponsors that are acquiring airport development rights from a privately-owned public-use airport under the pilot program in 49 USC § 47138(a)	State or a political subdivision of a state (such as a city, municipality, or state agency) in the same state as the airport.	Acquisition of airport development rights	None (per FAA policy)
k. Sponsors designated under 49 USC § 47118(h)	Federal agency owning an FAA designated safety critical airport.	A project to preserve or enhance minimum airfield infrastructure if the project meets all of the following criteria: **(1)** The project is necessary to meet the minimum safety and emergency operational requirements established under 14	None. 49 USC § 47118(h) specifically exempts these sponsors from normal AIP requirements.

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Table 2-4. Applicable Grants Assurances (by Sponsor and Project Type)

For the following type of sponsor…	Only the following entities may qualify…	And may only receive grants for the following types of projects…	And must follow this set of grant assurances…
		CFR Part 139. **(2)** The project is necessary to support emergency diversionary operations for transoceanic flights in locations that meet the following criteria: **(a)** Locations within United States jurisdiction or control. **(b)** Locations where there is a demonstrable lack of diversionary airports within the distance or flight-time required by regulations governing transoceanic flights.	

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2-5. Grant Assurances – Duration.

The duration for each set of grant assurance (Sponsor, Planning Agency, and Non-Sponsors Undertaking Noise Compatibility Program Projects) is listed in Table 2-5, Table 2-6, and Table 2-7, respectively. Note that the grant assurance numbers (#2, #4, #8, etc.) are different between these three sets of grant assurances.

Table 2-5. Duration of Grant Assurances (Sponsor)

Assurances that…	Include (by assurance # if applicable)…
a. Must be met before a grant is issued	#2 Responsibility and Authority of the Sponsor. #3 Sponsor Fund Availability #4 Good Title #6 Consistency with Local Plans #7 Consideration of Local Interest #8 Consultation with Users #9 Public Hearings #12 Terminal Development Prerequisites
b. Apply until the grant is closed	#1 General Federal Requirements #10 Air and Water Quality Standards #14 Minimum Wage Rates #15 Veteran's Preference #16 Conformity to Plans and Specifications #17 Construction Inspection and Approval #18 Planning Projects #32 Engineering and Design Services #33 Foreign Market Restrictions #34 Policies, Standards, and Specifications #35 Relocation and Real Property Acquisition.
c. Apply for three years after the grant is closed	#13 Accounting System, Audit, and Record Keeping Requirements #26 Reports and Inspections
d. Apply for the useful life of the project (not to exceed 20 years from the grant issuance date or the last grant amendment date, whichever is later)	#5 Preserving Rights and Powers #11 Pavement Preventive Maintenance (This applies to all of the airfield pavement on the airport, not just the specific pavement in the grant.) #19 Operations and Maintenance #20 Hazard Removal and Mitigation #21 Compatible Land Use #22 Economic Nondiscrimination #24 Fee and Rental Structure #27 Use by Government Aircraft #28 Land for Federal Facilities #29 Airport Layout Plan

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Table 2-5. Duration of Grant Assurances (Sponsor)

Assurances that…	Include (by assurance # if applicable)…
	#36 Access by Intercity Buses #37 Disadvantaged Business Enterprises (See 49 CFR Parts 23 and 26, since certain program requirements may extend the obligation beyond the 20 year period) #38 Hangar Construction #39 Competitive Access
e. Last for as long as the airport is owned and operated as an airport	#23 Exclusive Rights #25 Airport Revenue #30 Civil Rights #31 Disposal of Land

Table 2-6. Duration of Grant Assurances (Planning Agency)

Assurances that…	Include (by assurance # if applicable)…
a. Must be met before a grant is issued	#2 Responsibility and Authority of the Sponsor #3 Sponsor Fund Availability #5 Consistency with Local Plans
b. Apply until the grant is closed	#1 General Federal Requirements #4 Preserving Rights and Powers #7 Planning Projects #9 Civil Rights #10 Engineering and Design Services #11 Foreign Market Restrictions #12 Policies, Standards, and Specifications #13 Disadvantaged Business Enterprises (See 49 CFR Parts 23 and 26, since certain program requirements may extend the obligation beyond the 20 year period)
c. Apply for three years after the grant is closed	#6 Accounting System, Audit, and Record Keeping Requirements #8 Reports and Inspections

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Table 2-7. Duration of Grant Assurances (Non-Airport Sponsors Undertaking Noise Compatibility Program Projects)

Assurances that…	Include (by assurance # if applicable)…
a. Must be met before a grant is issued	#2 Responsibility and Authority of the Sponsor #3 Sponsor Fund Availability #4 Good Title #6 Consistency with Local Plans #7 Consideration of Local Interest
b. Apply until the grant is closed	#1 General Federal Requirements #9 Minimum Wage Rates #10 Veteran's Preference #11 Conformity to Plans and Specifications #12 Construction Inspection and Approval #18 Engineering and Design Services #19 Foreign Market Restrictions #21 Relocation and Real Property Acquisition
c. Apply for three years after the grant is closed	#8 Accounting System, Audit, and Record Keeping Requirements #16 Reports and Inspections
d. Apply for the useful life of the project (not to exceed 20 years from the grant issuance date or the last grant amendment date, whichever is later)	#5 Preserving Rights and Powers #13 Operations and Maintenance #14 Hazard Prevention #15 Compatible Land Use #22 Disadvantaged Business Enterprises (See 49 CFR Parts 23 and 26, since certain program requirements may extend the obligation beyond the 20 year period)
e. Last for as long as the airport is owned and operated as an airport	#17 Civil Rights #20 Disposal of Land

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2-6. Sponsor Qualification Criteria.

For an ADO to issue a grant, the FAA must first determine that the sponsor is able to assume the responsibilities defined in the grant. Details of this requirement are outlined in 49 USC § 47105, § 47106 and § 47107. The general sponsorship criteria are different for public agencies and private entities. The criteria for public agencies are listed in Table 2-8 and for private entities are listed in Table 2-9. Additional criteria, requirements, and considerations that apply to specific sponsorship situations are listed in Table 2-10. These requirements do not apply to federal agency sponsors of an FAA designated safety critical airport eligible under 49 USC § 47118(h).

Table 2-8. Legal and Financial Requirements for Public Agencies

The criteria are…	
(1)	Per 49 USC § 47105(b)(2), a sponsor must be proposing a project for a public-use airport included in the current National Plan of Integrated Airport Systems (NPIAS).
(2)	Per 49 USC § 47106(a)(3), a sponsor must be financially able to assume and carry out the sponsor's duties in the AIP project application and grant agreements. This includes being able to finance the sponsor share of grants. Per FAA policy, if a public sponsor has an open grant from a federal agency that requires compliance with OMB Circulars A-87, Cost Principles for State, Local, and Indian Tribal Governments, and A-102, Grants and Cooperative Agreements with State and Local Governments, this requirement is met. Otherwise, the ADO must work with ACO-100 to make this determination.
(3)	Per 49 USC § 47106(b)(1), the sponsor, another public agency, or the federal government must have clear title to the areas of the airport used or intended to be used for the landing, taking off, or surface maneuvering of aircraft. Per FAA policy, if the clear title requirement is not met prior to the grant being issued, the acquisition of good title must be in process. Also per FAA policy, the sponsor can meet this clear title requirement by leasing from another public agency that holds clear title.
(4)	Per 49 USC § 47106, a sponsor must legally have the authority to act as a sponsor. The sponsor must not be encumbered by any existing agreements that would prevent it from acting as a sponsor. Legal authority to be a public sponsor comes from its state authorizing legislation, also called state enabling legislation. The authorizing legislation must clearly provide the sponsor the authority to carry out the obligations and responsibilities of sponsorship. Per FAA policy, the sponsor must provide a copy of the state authorizing legislation to the ADO prior to the sponsor applying for its first grant. Per FAA policy, the ADO has the option to require an opinion from the sponsor's attorney regarding whether the sponsor has the legal authority to act as a sponsor.
(5)	Per 49 USC § 47106(d), if a sponsor has previously received a grant, the sponsor must be in compliance with its current grant obligations. ACO-100 maintains a list of the sponsors that are not in compliance.
(6)	Per 49 USC § 47107(d), the sponsor must be able to maintain and operate the airport as a public-use airport to FAA standards.
(7)	Per 2 CFR Part 180, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), a sponsor must not be suspended or debarred by the federal government.

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Table 2-9. Legal and Financial Requirements for Private Entities

The criteria are…
(1) Per 49 USC § 47105(b)(2), a sponsor must be proposing a project for a public-use airport included in the current National Plan of Integrated Airport Systems (NPIAS).
(2) Per 49 USC § 47102(21)(B), the sponsor must own a public-use airport that meets one of the following two criteria: **(a)** The airport must be a reliever airport as defined in the current version of FAA Order 5090.3, Field Formulation of the National Plan of Integrated Airport Systems (NPIAS). **(b)** The airport must have at least 2,500 passenger boardings each year and receive scheduled passenger aircraft service.
(3) Per 49 USC § 47106(b), the sponsor must have clear title to the airport property. Per FAA policy, if the clear title requirement is not met prior to the grant being issued, the acquisition of good title must be in process. Also per FAA policy, the sponsor can meet this clear title requirement by leasing from a public agency that holds clear title.
(4) Per 49 USC § 47107(d), the sponsor must be able to maintain and operate the airport as a public-use airport to FAA standards.
(5) Per 49 USC § 47106(a)(3), a sponsor must be financially able to assume and carry out the sponsor's duties in the AIP project application and grant agreements. If a private sponsors can provide documentation that a certified public accounting firm has determined they are financially able to assume and carry out the sponsor duties, this requirement has been met. The certified public accounting firm must have reviewed the sponsor's financial documentation and affirmed the sponsor has sufficient funds on hand, or a combination of funds and agreements with airport tenants, that will provide adequate income to finance the sponsor share and costs of operating/maintaining the airport for at least 10 years in the future. Otherwise, the ADO must have obtained concurrence from ACO-100 to proceed.
(6) Per 49 USC § 47106, a sponsor must legally have the authority to act as a sponsor. The sponsor must not be encumbered by any existing agreements that would prevent it from acting as a sponsor. The ADO may require an opinion of the sponsor's attorney of its legal authority to act as a sponsor and carry out its responsibilities under the grant agreement.
(7) Per 49 USC § 47106(d), if a sponsor has previously received a grant, the sponsor must be in compliance with its current grant obligations. ACO-100 maintains a list of the sponsors that are not in compliance.
(8) Per 2 CFR Part 180, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), a sponsor must not be suspended or debarred by the federal government.

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Table 2-10. Additional Criteria, Requirements, and Considerations for Specific Sponsorship Situations

For the following sponsorship situation…	The additional criteria, requirements, and considerations apply…
a. A state acting as a sponsor for one or more specific airports (*Note: When a state is acting as a sponsor for more than one airport within the state, this is often referred to as a various locations grant.)*	**(1)** 49 USC § 47105(a)(1)(B) allows state sponsorship of development and planning projects for one or more airports provided: **(a)** The sponsor of each airport consents in writing to the state sponsorship. **(b)** The ADO has determined there is administrative merit and aeronautical benefit to the state sponsorship. **(c)** The ADO has received written documentation that the state will comply with the required grant conditions and assurances. **(2)** 49 USC § 47102(27) defines a state as a state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands (Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, the Republic of Palau). **(3)** This sponsorship type is *not* the State Block Grant Program. **(4)** The state must provide the signed copy of an Agreement on State Sponsorship and Sponsor Obligations (see Appendix V) to the ADO with the grant application and the ADO must approve or disapprove any changes or addendum to the agreement. **(5)** One of the benefits of having a state act as a sponsor for more than one airport (like for various location grants) is that it may reduce ADO, state, or sponsor workload by combining multiple grants into one. It may also provide economies of scale through state sponsorship. For instance, equipment can be acquired in quantity at potentially lower unit cost, several small and similar construction projects can be accomplished or related airport master plans or airport layout plans can be prepared. Co-sponsorship of projects between the airport and the state remains an alternative to this procedure if the airport, the state and ADO believe this to be more efficient.
b. A state approved by the FAA to be in the block grant program	**(1)** State block grant sponsorship is restricted to states selected for the State Block Grant Program as discussed in Section 2 of Chapter 6. **(2)** Under the State Block Grant Program, the state is the sponsor. The state then issues subgrants to the airports that are included in the program.

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Table 2-10. Additional Criteria, Requirements, and Considerations for Specific Sponsorship Situations

For the following sponsorship situation…	The additional criteria, requirements, and considerations apply…
c. A public agency not owning or leasing a public-use airport	**(1)** During the acquisition or establishment of an airport, the regional division manager must have made two separate sponsor designations. **(a)** First, the regional division manager may designate a public agency as a sponsor for a planning grant to acquire or establish a public-use airport. **(b)** Second, if the regional division manager, ADO, and the sponsor decide to continue with the airport acquisition or establishment, the regional division manager must separately designate that the sponsor is legally and financially able to assume the responsibilities of a sponsor. This is because the Planning Agency Grant Assurances are less extensive than the Sponsor Grant Assurances.
d. A metropolitan planning agency or a state planning agency	**(1)** A planning agency sponsor must be authorized by the laws of the state (or states or political subdivisions concerned) to engage in area-wide planning for the areas in which the grant funding is to be used. **(2)** Typical state agencies that may qualify as a planning agency sponsor are planning offices, aeronautics commissions, and departments of transportation. **(3)** Typical metropolitan planning agencies include metropolitan planning organizations, councils of government, and regional planning commissions.
e. Entities acting as sponsor agents (including channeling act states)	**(1)** A public agency may act as an agent of the sponsor without being considered a co-sponsor. These agents are not true sponsors or co-sponsors, but they do play a role in the AIP grant process. **(2)** Channeling is the most common type of agent agreement. State channeling of federal airport grants occurs in various forms within numerous states. Normally, when an airport is in a channeling act state, the sponsor submits payment request information to the state, who then submits the request to the FAA. In this case, the FAA makes payments to the state, and the state then distributes the payment to the sponsor. In some cases the state may also provide technical oversight and review, which may include state submittal of grant applications and/or closeout requests. This is based on state enabling legislation, rather than federal law. In many cases, the state also signs the grant agreements. Channeling agreements based on state enabling legislation do not need approval from the ADO. **(3)** Except for channeling act agreements, other agent-sponsor agreements require prior ADO review and regional division manager approval in order to be valid. These agreements are rare and must include the terms, conditions, powers, responsibilities, and relationship of the agent to the sponsor. The agreement may be in the form of a resolution or ordinance, and a copy of the agreement, along with regional division manager's concurrence, must be kept on file in the ADO.

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Table 2-10. Additional Criteria, Requirements, and Considerations for Specific Sponsorship Situations

For the following sponsorship situation…	The additional criteria, requirements, and considerations apply…
f. Two entities acting as co-sponsors	**(1)** Any two or more public agencies may request to co-sponsor a project. **(2)** Each of the public agencies must be an FAA-approved sponsor. Since the FAA makes each of these sponsorship determinations independently, an additional co-sponsorship determination is not required. The ADO agrees to the co-sponsorship by issuing the grant. **(3)** The FAA has determined that each of the public agencies must jointly and severally meet the requirements for being a sponsor for the specific grant. As a result, each of the co-sponsors is individually bound to the terms and conditions of the grant agreement. **(4)** Most co-sponsorship arrangements are for planning grants. **(5)** Channeling act states are not considered to be co-sponsors, they are sponsor agents even if they sign the grant agreement.
l. Sponsors for compatible land use *planning* or compatible land use *projects* per 49 USC § 47141	**(1)** The sponsor has authority to plan and adopt land use compatibility plans and control measures, including zoning, in the planning area in and around the airport. **(2)** The sponsor and the airport must enter into a written agreement to prepare the compatible land use plan cooperatively.
m. Sponsors that are acquiring airport development rights from a privately-owned public-use airport under the pilot program in 49 USC § 47138(a)	**(1)** The additional sponsor requirements are contained in Section 8 of Chapter 6, which covers the airport development rights pilot program.

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2-7. Sponsorship Determination Process.

The FAA Office of Airports is responsible for making sponsor determinations for AIP. The process differs by entity type as outlined below. For federal agency sponsors of an FAA designated safety critical airport eligible under 49 USC § 47118(h), this determination will be made by APP-1.

a. Public Agencies. Per the current version of FAA Order ND1100-5, Field Organization, the regional division manager is responsible for making sponsorship determinations for public agencies. The regional division manager may document their determination in one of two ways.

First, the regional division manager may make a written designation of sponsorship prior to issuing a grant. Second, if there is no controversy or complexity, the regional division manager may make an implicit determination by allowing the ADO to issue a grant to the proposed sponsor. The FAA has determined that it is preferable to have a written determination of sponsorship prior to the regional division manager issuing the first grant to a new sponsor. Therefore, for determinations made by the regional division manager after the publication of this Handbook, the regional division manager must make a written determination. The regional division manager and ADO may contact APP-500, ACO-100, or regional legal counsel for assistance with these sponsorship determinations.

b. Private Entities. APP-1 makes the sponsorship determination for a private entity. APP-1 must have made a written designation of sponsorship prior to the ADO issuing the first grant (an implicit determination is not an option).

c. Public Private Entities. In addition, a sponsor may also fall in the rare public-private sponsorship category. This is where an airport privatizes some, but not all, of the management of the airport. In this case, the regional division manager and ADO must consult ACO-100 and APP-500 for direction on how to proceed. APP-1 must have made a written designation of sponsorship prior to the ADO issuing the first grant (an implicit determination is not an option).

2-8. Transfer of Sponsorship.

In order for an existing sponsor to transfer the sponsorship of an obligated airport to another entity, sponsor must obtain pre-approval from the FAA. Per the current version of FAA Order 5190.6, FAA Airport Compliance Manual, the existing sponsor must first obtain ARP-1 pre-approval to release the entire airport. Then the FAA must make a sponsorship determination for the new entity as discussed in this chapter. If ARP-1 does not approve the release or the FAA does not make a positive sponsorship determination for the new sponsor, the sponsorship cannot be transferred.

2-9. Conflicting Grant Requests from More than One Entity.

Where more than one entity applies for a grant for the same or similar project, and where identification of the appropriate agency empowered to do the project is not clear, the regional division manager will designate the eligible applicant based on which one is best equipped to do the project. This is a rare situation and is generally related to a planning project. APP-400 can provide assistance to the regional division manager and the ADO in these cases.

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Chapter 3. What projects can be funded?

Section 1. List of 15 Requirements for Project Funding.

3-1. List of 15 Requirements for Project Funding.

A project must meet the 15 general requirements listed in Table 3-1 in order for the ADO to consider it for AIP funding. The ADO must not approve projects that do not meet these requirements. The remaining sections of this chapter discuss each of these 15 general requirements in greater detail.

Table 3-1. The 15 General Requirements for Project Funding

The general requirements are…	As found in…
(1) Is the project eligible?	Section 2
(2) Is the project justified?	Section 3
(3) Is the project on airport property (with good title)?	Section 4
(4) Is the project on the FAA approved airport layout plan?	Section 5
(5) Has the sponsor satisfied the intergovernmental review and airport user consultation requirements?	Section 6
(6) Has the FAA completed an environmental finding for the project?	Section 7
(7) Will the project result in a usable unit of work?	Section 8
(8) Will the project be planned, designed, and/or constructed to FAA standards?	Section 9
(9) Has the project been procured correctly?	Section 10
(10) Are the project costs necessary to accomplish the project (Allowable Rule #1)?	Section 12
(11) Were the project costs incurred after the grant was executed (Allowable Rule #2)?	Section 12
(12) Are the project costs reasonable (Allowable Rule #3)?	Section 14
(13) Is this the only federal grant containing these project costs (Allowable Rule #4)?	Section 15
(14) Are the project costs within the allowable federal share (Allowable Rule #5)?	Section 16
(15) Can the project be completed without unreasonable delay?	Section 17

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Section 2. Project Eligible.

3-2. The Act Establishes the General Types of Eligible Projects.

The Act identifies the general types of projects that may be funded with AIP, which are airport planning, airport development, noise compatibility planning, and noise compatibility projects (see 49 USC § 48103).

Only these types of projects are eligible and can be funded. The Federal Appropriations Law prohibits the ADO from funding ineligible projects (as discussed in Paragraph 1-9). If this Handbook does not list a project as eligible, the ADO *must* receive an eligibility determination from APP-500 in order to proceed with the project. This effort will maintain consistency on a national basis.

However, just because a project is eligible under the Act, it does not mean that the ADO can fund the project. The project *must* meet the other requirements further outlined in this chapter.

3-3. Project Requirement Tables (in the Appendices by Project Type).

The tables in the appendices contain project specific requirements for projects that are eligible under the Act. These tables have been broken out into the appendices for ease of use. ADOs *must not* use these appendices independently. They must also apply the 15 general project requirements outlined in this chapter to determine if a project can be funded with AIP.

A list of the appendices is repeated in Table 3-2 for the reader's convenience.

Table 3-2. Handbook Appendices

The appendices (including project requirement appendices) in this handbook include…
Appendix A. Definitions of Terms Used in this Handbook
Appendix B. References and Web Links
Appendix C. Prohibited Projects and Unallowable Costs
Appendix D. Miscellaneous Projects
Appendix E. Planning Projects
Appendix F. New Airport Projects
Appendix G. Runway Projects
Appendix H. Taxiway Projects
Appendix I. Apron Projects
Appendix J. Airfield Marking, Signage, and Lighting Projects
Appendix K. Navigational Aid (NAVAID) and Weather Reporting Equipment Projects
Appendix L. Safety and Security Equipment Projects
Appendix M. Other Equipment Projects
Appendix N. Terminal Building Projects

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Table 3-2. Handbook Appendices

The appendices (including project requirement appendices) in this handbook include…
Appendix O. Other Building Projects
Appendix P. Roads and Surface Transportation Projects
Appendix Q. Land Projects
Appendix R. Noise Compatibility Planning/Projects
Appendix S. Environmental Planning/Mitigation Projects
Appendix T. Military Airport Program Projects
Appendix U. Sponsor Procurement Requirements (Including 49 CFR § 18.36)
Appendix V. Forms
Appendix W. Revenue Sources for the Airport and Airway Trust Fund
Appendix X. Competition Plans
Appendix Y. Buy American Guidance
Appendix Z. Grant Assurances

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3-4. Prohibited Project and Unallowable Cost Tables.

Appendix C contains tables that the ADO can use to help determine if the FAA has previously identified a project or cost to be ineligible or unallowable.

3-5. Only Specific Equipment is Eligible under the Act.

49 USC § 47102(3) deliberately lists the specific pieces of equipment eligible under AIP. No other pieces of equipment (including associated computer hardware or software for the equipment) are eligible unless AAS-1 has made a written determination that the equipment will contribute significantly to airport safety or security.

3-6. Eligibility of Maintenance, Rehabilitation, Reconstruction, and Replacement Projects.

These concepts cause much confusion. The goal for all of these actions is to obtain a functioning unit as the final outcome. What differentiates these concepts is the level of effort and the resulting change in useful life. As the work approaches the upper end of each level, these lines become more blurred. As a result, the conclusion of which category the project falls into rests with the specific circumstances. Table 3-3 explains the differences between these concepts and Table 3-4 provides eligibility examples.

Table 3-3. Differences between Maintenance, Rehabilitation, Reconstruction, and Replacement Projects

Item	Explanation	Eligibility
a. Maintenance (including minor repair)	Maintenance includes any regular or recurring work necessary to preserve existing airport facilities in good condition, any work involved in the care or cleaning of existing airport facilities, and any incidental or *minor* repair work on existing airport facilities. Minor repair is a stop gap measure taken by a sponsor to keep a facility operational until the sponsor can complete a rehabilitation, reconstruction, or replacement project. Replacing individual parts and mending portions of a facility are considered minor repair.	Maintenance work is not airport development as defined in the Act. Therefore, it is not eligible for AIP funding except for one specific situation. 49 USC § 47102(3)(H) provides the exception for routine runway, taxiway, or apron pavement maintenance at nonhub primary airports and nonprimary airports. For these airports, this work is eligible. The eligibility of maintenance under 49 USC § 47102(3)(H) is limited to *pavement* maintenance. 49 USC § 47102(3)(H) made *pavement* maintenance projects that were previously only eligible under the *pavement* maintenance pilot program in 49 USC § 47132 permanently eligible for nonhub primary airports and nonprimary airports. Typical pavement maintenance includes routine cleaning, filling, and or sealing of longitudinal and transverse cracks; grading pavement edges; maintaining pavement drainage systems; patching pavement; seal coating; and remarking pavement areas.
b. Rehabilitation	Rehabilitation is a more comprehensive restoration of an original functionality that results in a piece of pavement, piece of equipment, or building with a useful life of at least 10 years, or half of the useful life per Table 3-8, whichever is less. This approach deals with the facility or item as a whole and is far more reaching than the minor repair discussed under maintenance.	Rehabilitation is generally eligible (but must still be justified).

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Table 3-3. Differences between Maintenance, Rehabilitation, Reconstruction, and Replacement Projects

Item	Explanation	Eligibility
c. Reconstruction	Reconstruction is a complete restoration of an original functionality that results in a virtually new piece of pavement, piece of equipment, or building with a use life as listed in per Table 3-8.	Reconstruction is generally eligible (but must still be justified).
d. Replacement (including replacement of damaged equipment)	Replacement is building a complete new facility or obtaining a whole new piece of equipment that has reached the end of its useful life. The additional useful life of a replacement project is based on the type of equipment, and is replaced in full.	Replacement is generally eligible (but must still be justified) provided; • The facilities or equipment was destroyed, become obsolete, worn out, or otherwise deemed inoperable through no fault of the sponsor under normal use. An example of this may be replacement of EMAS panels that were destroyed by an aircraft, only if the sponsor can prove that there is no other avenue, such as insurance, for funding the replacement. • The sponsor has determined that there are no other avenues for replacement (such as through insurance or by another federal agency responsible for such disasters).

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Table 3-4. Examples of Maintenance, Rehabilitation, Reconstruction, and Replacement Projects

The following project of…	Is considered…	And is…
a. Applying a herbicide on cracks in asphalt pavement	Maintenance	Not eligible at any airport
b. Changing fluid on a scheduled basis to keep a vehicle's engine and parts functional	Maintenance	Not eligible at any airport
c. Mowing the airfield grass	Maintenance	Not eligible at any airport
d. Sweeping airfield pavement	Maintenance	Not eligible at any airport

Table 3-4. Examples of Maintenance, Rehabilitation, Reconstruction, and Replacement Projects

The following project of…	Is considered…	And is…
e. Re-topping trees for approach protection if this work was previously completed in an AIP grant	Maintenance	Not eligible at any airport
f. Replacing airfield light bulbs	Maintenance	Not eligible at any airport
g. Replacing runway lighting fixtures due to snow plow damage	Maintenance	Not eligible at any airport
h. Replacing some of the equipment, like a regulator, in an electrical vault	Maintenance	Not eligible at any airport
i. Carpeting (or other flooring, such as tiles or terrazzo), painting, wall coverings, or ceiling tiles in a terminal not required as a result of an eligible terminal project	Maintenance	Not eligible at any airport
j. Replacing fixed public-use seating (including fixed tables and counters) in a terminal if it is not associated with a larger terminal project	Maintenance	Not eligible at any airport
k. Replacing small sections of roofing in terminals and airport buildings	Maintenance	Not eligible at any airport
l. Performing spall repair, crack sealing, or repair of a small portion of the total pavement	Maintenance	Eligible at a nonhub primary airports or nonprimary airport (subject to adequate justification)
m. Replacing faded sign panels	Maintenance	Not eligible at any airport (14 CFR § 139.311(d) specifically defines this as maintenance)
n. Minor work or repair on a turf or aggregate runway	Maintenance	Not eligible at any airport The eligibility of maintenance under 49 USC § 47102(3)(H) is limited to **pavement** maintenance. 49 USC § 47102(3)(H) made **pavement** maintenance projects that were previously only eligible under the **pavement** maintenance pilot program per 49 USC § 47132 permanently eligible for nonhub primary airports and nonprimary airports.

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Table 3-4. Examples of Maintenance, Rehabilitation, Reconstruction, and Replacement Projects

The following project of…	Is considered…	And is…
o. Rehabilitation of a turf or aggregate runway	Rehabilitation	Eligible at any airport (subject to adequate justification)
p. Applying seal coats or slurry seal, or resealing of joints for a major portion of the pavement	Rehabilitation	Eligible at any airport (subject to adequate justification)
q. Replacing panels and replacing all joint seal material on concrete pavement to obtain at least 10 years of useful life	Rehabilitation	Eligible at any airport (subject to adequate justification)
r. Milling and repaving an apron to obtain at least 10 years of useful life	Rehabilitation	Eligible at any airport (subject to adequate justification)
s. Completely renovating the terminal restrooms	Rehabilitation	Eligible at any airport (subject to adequate justification)
t. Performing lid rehabilitation for Engineered Material Arresting System (EMAS) blocks installed with AIP funds prior to fiscal year 2007 (after fiscal year 2007, the manufacturer began fully encasing the blocks, eliminating the need for lid replacement)	Rehabilitation	Eligible at any airport (subject to adequate justification)
u. Bringing a runway down to its subgrade and completely repaving it	Reconstruction	Eligible at any airport (subject to adequate justification)
v. Replacement of sign panels required by a change in airfield geometry or new sign panel specifications	Replacement	Eligible at any airport (subject to adequate justification)
w. Purchasing an ARFF vehicle to replace one paid for with AIP funding	Replacement	Eligible at any airport (subject to adequate justification)
x. Replacement of damaged Engineered Material Arresting System (EMAS) panels that were damaged by an aircraft and the sponsor can prove that there is no other avenue for funding the replacement, such as the aircraft owner's or sponsor's insurance	Replacement	Eligible at any airport (subject to adequate justification)
y. Replacement of terminal escalators	Replacement	Eligible at any airport (subject to adequate justification)

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3-7. Difference between AIP and Passenger Facility Charge (PFC) Eligibility.

While closely related, there are differences between project eligibility between AIP and the PFC program. These differences are discussed in the current version of FAA Order 5500.1, Passenger Facility Charge.

Section 3. Project Justified.

3-8. Three Basic Tests for Project Justification.

The ADO must apply the three basic tests in Table 3-5 to determine if a project is justified. The ADO must not fund projects or project elements that are not justified based on the following three tests. Table 3-6 contains examples where one or more of the following tests are not met.

Table 3-5. Three Basic Tests to Determine if a Project is Justified

The three basic tests to determine if a project is justified are…
(1) The Project Advances an AIP Policy. The ADO must verify that the project advances one of the AIP policies contained in 49 USC § 47101. The basic goals and objectives in these policies include airport safety, airport security, airport capacity, meeting an FAA standard, preserving airport infrastructure through reconstruction or rehabilitation, protecting and enhancing the environment, minimizing aircraft noise impacts, and airport planning. AIP funds must not be used for a project that does not specifically advance one of the AIP policies.
(2) There is an Actual Need. Per FAA policy, the ADO must determine if there is an actual need for the project at the airport within the next five years (per the definition near-term development per the current version of Advisory Circular 150/5070-6, Airport Master Plans). This includes all subcomponents of the project.
(3) The Project Scope is Appropriate. The ADO must determine that only the elements that are required to obtain the full benefit of the project are included in the project scope. Any elements that do not meet these criteria must stand on their own separate merit and justification. The current version of FAA Order 5100.39, Airports Capital Improvement Plan, discusses this concept in further detail in the discussions on overall development objective.

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Table 3-6. Examples of Projects Not Meeting the Basic Justification Tests

For the following situation…	Is not justified because…
a. A sponsor has a runway shown on their ALP and would like to build it to increase capacity. However, if the airport already has adequate capacity and will continue to have adequate capacity in the foreseeable future.	This project does not advance an AIP policy. The actual need does not exist.
b. A sponsor would like to build a runway extension to attract a new class of aircraft or for marketing purposes. In this case, the need is speculative and not based on documented future need.	The actual need does not exist.
c. A sponsor would like include dorm rooms and day rooms in an ARFF building expansion for an airport with a class of certification that does not require 24/7 ARFF personnel.	This project scope is not appropriate.

3-9. Justification Requirements for Safety and Security Projects.

Safety and security projects are not automatically justified. In all cases, the ADO must review these projects to determine if the project meets the eligibility and justification requirements outlined in this Handbook. Safety and security projects that require additional review by the ADO include, but are not limited to, those listed in Table 3-7.

Table 3-7. Safety and Security Projects Proposals Requiring Additional ADO Review

Examples of proposals that require additional ADO review for eligibility and justification…
a. A 14 CFR Part 139 violation
b. A written recommendation by a 14 CFR Part 139 certification inspector
c. A proposed runway incursion prevention measure
d. A Runway Safety Action Team recommendation
e. An item included in an Airport Emergency Plan
f. An item included in an Airport Certification Manual
g. An item included in a Wildlife Hazard Assessment or Management Plan

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Table 3-7. Safety and Security Projects Proposals Requiring Additional ADO Review

Examples of proposals that require additional ADO review for eligibility and justification…
h. An item included in an airport's approved 49 CFR Part 1542 security program

3-10. The Use of Critical Aircraft for Justification.

For some projects, the ADO must determine if a project is justified based on the applicable critical aircraft for the project. 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. APP-400 maintains guidance on how to determine the critical aircraft for specific projects and airport types. For funding purposes, it is APP-500 policy that the annual operations requirement for critical aircraft must not include military or federally-owned aircraft.

The ADO has the option to determine that a project is justified based on existing activity at the airport or activity that is projected to be at the airport within the next five years. The ADO has the option to require the sponsor to submit letters of support from airport users if the justification is based on projected activity. The letter must describe the airport user's plans or anticipated activity by the most demanding airplane, or critical aircraft.

3-11. Useful Life Test for Equipment and Facilities.

The useful life of the facility or equipment being rehabilitated, reconstructed or replaced must have been met in order for the project to be funded. The exception is when the ADO has determined that the rehabilitation, reconstruction, or replacement is necessary for safety reasons. Table 3-8 provides a list of minimum useful lives.

Although the minimum useful life of facility, equipment or vehicles may have been met, this does *not* automatically mean that the rehabilitation, reconstruction or replacement of the item is needed. Simply meeting the minimum useful life does not justify replacing the item if the facility, equipment, or vehicle is performing as intended.

Table 3-8. Minimum Useful Life

Project Type	Useful Life
a. All construction projects (unless listed separately below)	20 years
b. All equipment and vehicles (unless listed separately below or found in NAVFAC P-300, Management of Civil Engineering Support Equipment)	10 years

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Table 3-8. Minimum Useful Life

Project Type	Useful Life
c. Pavement rehabilitation (not reconstruction, which is 20 years)	10 years
d. Asphalt seal coat, slurry seal, and joint sealing	3 years
e. Concrete joint replacement	7 years
f. Airfield lighting and signage	10 years
g. ARFF vehicles	10 years
h. ARFF structural gear, which has less heat insulation than proximity gear (per the National Fire Protection Association 1971 Standard on Protective Ensembles for Structural Fire Fighting and Proximity Fire Fighting)	7 years
i. ARFF proximity gear, which is also referred to as slicks, bunker, or turn out gear (per the National Fire Protection Association 1971 Standard on Protective Ensembles for Structural Fire Fighting and Proximity Fire Fighting)	5 years
j. NAVAIDs	15 years
k. Land	Unlimited

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3-12. Benefit-Cost Analysis (BCA) for NAVAIDs.

If a BCA is required for a NAVAID, this requirement is listed in the appendices for that specific project. The ADO must contact APP-500 for the latest tools and procedures for this process.

3-13. BCAs for Capacity Projects Using Discretionary Funds.

A BCA is a tool to determine if a project's benefits outweigh its costs. If the ADO is considering funding a capacity project with AIP discretionary funding, 49 USC § 47115(d) requires that the FAA review a BCA. It is FAA policy that, as of October 28, 2011, a BCA is only required if the sponsor is requesting more than $10 million in discretionary funding over the life of the project. This is a key change to the detailed BCA preparation guidance contained in the document titled FAA Airport Benefit-Cost Analysis Guidance (see Appendix B for link). A few of the more important highlights from this document are included below.

a. Capacity Project Definition. This definition is included in Appendix A. Except for the two types of projects listed in Table 3-9, it is FAA policy that the ADO must obtain a joint APP-400 and APP-510 concurrence on whether the project is considered capacity and therefore requires a BCA.

Table 3-9. Projects Where the FAA Has Determined if a BCA is Required

For the following project…	A BCA is…
a. Construct a new airport that is not replacing an existing airport.	**Required.** By definition, the airport will create capacity where none currently exists.
b. Rehabilitate/reconstruct eligible airfield infrastructure with no increase to the original functionality.	**Not Required.** Although the FAA Airport Benefit-Cost Analysis Guidance (see Appendix B for link) requires that the FAA make this determination on a case by case basis, the FAA has since determined that these projects are cost beneficial and do not require a separate BCA.

b. Associated Work. When preparing the BCA, the sponsor must include all of the development items directly associated with the capacity project in the BCA. The sponsor cannot pull out pieces of the associated work, even if the sponsor believes the associated work is not capacity related, without the express approval of the FAA.

c. Estimates of Future AIP Funding. Since the BCA must occur before the project is planned in detail, the financial analysis may be incomplete, or not detailed enough to identify all the funding sources for the project. A sponsor may be uncertain about its future entitlement funds and is unable to predict accurately the discretionary funds needed to fund the project. In cases like these, the sponsor and the FAA must jointly agree on a reasonable amount of discretionary funding, given the best information available at the time.

d. BCA Process. The BCA process, per FAA policy, is outlined in Table 3-10.

Table 3-10. BCA Process

The BCA process steps include…
a. Sponsor Preparation of BCA. Sponsors must use FAA Airport Benefit-Cost Analysis Guidance (see Appendix B for link) when preparing a BCA for a capacity project.
b. Sponsor Submittal. Sponsors must submit one hard copy and one electronic copy of the BCA to the ADO. Sponsor must submit BCAs far enough in advance of any requested grants or LOI offers in order to avoid potential delays in funding decisions.
c. ADO Notification to Region and APP-500. ADOs must notify the regional office and APP-500 promptly when the ADO determines that a sponsor will be submitting a BCA in the near future. Preliminary information provided to APP-500 must include a general description of the project, the estimated cost, and the project's justification.
d. APP-500 Guidance to Region and ADO. Based on the project, APP-500 will indicate whether a BCA is required and provide the ADO and regional office with the appropriate review method, internal coordination, appropriate samples, and other necessary information.

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Table 3-10. BCA Process

The BCA process steps include…
e. FAA Determination. In most cases, APP-500 will prepare the official FAA determination, which may include internal coordination with other FAA offices, and forward a copy of the official determination to the ADO and regional office.
f. ADO Notification to Sponsor. The ADO will send the official FAA determination to the sponsor and will place a copy in the project files.

3-14. BCAs for All Other Projects.

The FAA also reserves the option to require a BCA for any AIP funded project, regardless of project type, funding type, or funding amount.

Section 4. Project on Airport Property (with Good Title).

3-15. On-Airport Property Requirements.

Airport projects must be located within the airport boundary per 49 USC § 47102(3) unless the statute specifically allows the project to be off-airport. Table 3-11 provides the list of eligible off-airport projects. Fencing to protect these off-airport projects is also allowable where the sponsor has an easement.

Table 3-11. Eligible Off-Airport Projects

Eligible off-airport projects are limited to…	And the sponsor, at a minimum, must have…
a. Removal of obstructions.	**An easement.** The easement must be shown on the Exhibit A (property inventory map).
b. Outfall drainage ditches.	**An easement.** The easement must be shown on the Exhibit A (property inventory map).
c. Relocation of roads and utilities constituting airport obstructions or to allow eligible airport development.	**A written agreement.** The sponsor must have a formal written agreement with the property owner that allows the work to be done. The agreement must also transfer the responsibility of maintaining the development to the property owner once the project is complete.
d. Installation or relocation of NAVAIDs.	**An easement.** The easement must be shown on the Exhibit A (property inventory map).
e. Construction or installation of eligible utilities.	**An easement.** The easement must be shown on the Exhibit A (property inventory map).

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Table 3-11. Eligible Off-Airport Projects

Eligible off-airport projects are limited to…	And the sponsor, at a minimum, must have…
f. Lighting and marking of obstructions.	**An easement.** The easement must be shown on the Exhibit A (property inventory map).
g. Airport waste-water treatment plants.	**An easement.** The easement must be shown on the Exhibit A (property inventory map).
h. Noise program implementation projects.	**A written agreement (property improvements).** The sponsor must have a formal written agreement with the property owner that allows the work to be done. The agreement must also transfer the responsibility of maintaining the development to the property owner once the project is complete. **An easement (placement of sponsor owned equipment).** The easement must be shown on the Exhibit A (property inventory map).
i. Environmental mitigation measures required as a condition of environmental approval (such as wetlands replacement or installation of noise monitors)	**A written agreement (property improvements).** The sponsor must have a formal written agreement with the property owner that allows the work to be done. The agreement must also transfer the responsibility of maintaining the development to the property owner once the project is complete. **An easement (placement of sponsor owned equipment).** The easement must be shown on the Exhibit A (property inventory map).
j. Aircraft Rescue and Fire Fighting Training Facility	**A written agreement.** The sponsor must have a formal written agreement with the property owner that allows the work to be done. The agreement must also outline who is responsible for maintaining the project when it has been completed.

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Section 5. Project on Airport Layout Plan.

3-16. Airport Layout Plan Requirement.

For AIP projects that impact the airport layout plan (ALP), the sponsor must obtain an FAA airspace determination to add the project to the ALP. This stems from two requirements found in 49 USC § 47107(a)(16). The first requirement is that the sponsor must maintain a current ALP. The second is that the sponsor must not make an alteration to the airport unless the ADO has determined that it will not adversely affect the safety, utility, and efficiency of the airport. The sponsor meets these two requirements for the project by obtaining an airspace approval from the ADO to add the project to the airport layout plan.

Per FAA policy, the ADO must not program the project that needs to be added to the ALP unless the ADO has approved the associated airspace determination. In limited cases, the ADO has the option to program the project without airspace approval; however the ADO must complete the airspace determination prior to issuing the grant per 49 USC § 47107(a)(16)(C).

Section 6. Intergovernmental Review and Airport User Consultation Complete.

3-17. Intergovernmental Review.

The current version of FAA Order 1200.21, Intergovernmental Review of FAA Programs and Activities contain intergovernmental review requirements for AIP projects. This satisfies the requirement in 49 USC § 47106(a)(1) that the project be consistent with plans (existing at the time the ADO issues the grant offer) of public agencies around the airport.

Sponsors are required to coordinate projects through the appropriate state contact for projects listed in Table 3-12. The state contact information is available on the Intergovernmental Review page of the Office of Management and Budget (OMB) website (see Appendix B for link). Table 3-13 contains key requirements.

Table 3-12. Projects Requiring Intergovernmental Review

The sponsor must coordinate projects through the appropriate state contact for…
(1) Projects that significantly affect state or local governments beyond airport boundaries.
(2) Projects specifically requested under a state's review process.
(3) Projects at a medium or large hub airport that involves the siting of the airport location, a new runway or a major runway extension. In this case, 49 USC § 47106(c)(1)(A) requires that the sponsor must also provide airport layout plan amendments (and an associated master plan) upon request by the relevant Metropolitan Planning Organization (MPO).

Table 3-13. Key Requirements for Intergovernmental Review

Some of the key requirements are…
(1) Sponsor Notification. The ADO is responsible for informing new sponsors of the required intergovernmental project review process per the current version of FAA Order 1200.21, Intergovernmental Review of FAA Programs and Activities. The ADO must also notify all affected sponsors when a federal change is made to the review process.
(2) Review Timeline. It normally takes state and local agencies 60 days to complete their review. . The sponsor must not submit a grant application before this coordination is complete.
(3) Early Project Review. If an interagency review was completed in the environmental or planning stage of the project, it normally will not need to be repeated during the implementation stage unless

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Table 3-13. Key Requirements for Intergovernmental Review

Some of the key requirements are…
the scope of work has changed, substantial new information has become available, or significant time has passed.
(4) Process Changes. The ADO must forward formal changes in a state's intergovernmental project review process to the DOT Assistant Secretary for Administration. All affected DOT offices must implement the process changes submitted by the state within 90 days of receipt from the state.
(5) Establishment of State Process. States, in consultation with local elected officials, have the option to establish their own process for reviewing and commenting on federal programs and activities.
(6) Treatment of Comments. The ADO has the option to accept the comments, reach a mutually agreeable solution with the state or local agency, or reject the comments. While the ADO is not required to accept comments or discuss another solution, the ADO has the option to provide a written explanation of the final decision as a courtesy to the single point of contact at the state. The explanation should be provided at a minimum of 15 days before beginning work on a project. If no single point of contact for the state exists, the ADO has the option to send the written explanation to the parties that initially provided comments. When 49 USC § 47106(c)(1)(A) is triggered, the ADO must send the MPO a written explanation of the final decision. When the ADO provides a written explanation of the final decision to a state or MPO, the ADO must also send an informational copy to the DOT Assistant Secretary for Administration.

3-18. Consultation with Airport Users.

Per 49 USC § 47105(a)(2), a sponsor must consult with the airport users that will be affected by the project. The consultation process does not require users to provide input or agree with the proposal. Other consultations required by FAA policy are included in Table 3-14.

Table 3-14. Airport User Consultation Requirements

Requirements per FAA policy include…
(1) The affected parties must be given a reasonable opportunity to provide input to proposals for airport development.
(2) The consultation must take place prior to submittal of the grant application. Since consultation is part of planning project, separate pre-grant consultation is not required.
(3) The consultation must include all project considerations that bear on the decision to proceed and which impact users' charges or operations.
(4) At a minimum, the consultation must cover the general nature of the development proposed, its estimated cost, and is estimated start and stop dates.

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Section 7. FAA Environmental Finding Complete.

3-19. Environmental Finding Requirements.

Per 49 USC§ 47106(c), any airport project funded with AIP funds requires an environmental finding (Categorical Exclusion, Finding of No Significant Impact, or Record of Decision) prior to initial programming. The requirements for environmental findings are included in the current version of FAA Order 5050.4, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Projects.

Per FAA policy, the ADO must not program a project until the environmental finding is complete.

Section 8. Usable Unit of Work Obtained.

3-20. Usable Unit Requirements (and Phased Project Conditions).

AIP grants that are given must result in a complete project. Partial construction or incomplete acquisition does not result in a complete project and therefore is not a usable unit of work. The required usable unit of work by project type is included in the project requirement appendices for that project.

There is one exception to this, and it is often referred to as a phased project. The FAA may issue a grant for a portion of a project when conditions in Table 3-15 are met.

Table 3-15. Requirements for Grants that will Not Result in a Usable Unit of Work

The project must meet all of the following requirements…
(1) The ADO must include a special condition in the grant. This special condition must require that the sponsor complete a safe, useful, and usable unit of development in a reasonable timeframe whether or not additional federal funding becomes available. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations.
(2) The grant description must clearly define the work being done. The ADO can accomplish this by referencing the dimensions of the work or the specific contracts being funded.

Section 9. FAA Standards Met.

3-21. Mandatory FAA Standards.

a. General Requirement. Per 49 USC § 47105(b)(3), projects must be planned, designed and constructed in accordance with current FAA standards unless otherwise approved by the FAA.

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b. Clear Approaches for Runway Projects. The FAA has interpreted 49 USC § 47105(b)(3) to mean that clear approaches are part of the FAA standards that must be met for runway projects. Per FAA policy, the ADO must not fund the rehabilitation, construction, or extension of any section of a runway that will not be usable due to unclear approaches. The ADO must use the current version of Advisory Circular 150/5300-13, Airport Design to make this determination.

c. List of Advisory Circulars. The FAA standards consist of the current version of the advisory circulars listed in the document titled Current FAA Advisory Circulars Required for Use in AIP Funded and PFC Approved Projects. This list, which is available online (see Appendix B for link), is published to comply with Grant Assurance 34, regulations, published guidance, and FAA policy.

d. Timing of Advisory Circulars. If an FAA standard changes while a project is in progress, the sponsor must contact the ADO to determine whether the new standard must be met. Generally:

(1) If a project *has not* been bid, it is the sponsor's responsibility to ensure that the finished design meets the latest published standard.

(2) If the project *has* been bid, the ADO will not normally require the sponsor to meet the revised standard. The exceptions include when:

(a) The requirements can be easily incorporated.

(b) The ADO has determined that the old standard will negatively impact the airport.

(c) The ADO and sponsor mutually agree to include the new standard.

e. Other Standards. The ADO may incorporate other standards into a project as a special condition in the grant agreement. These standards then become mandatory by their inclusion in the grant. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations.

3-22. Modification to FAA Standards (or Specifications).

In order for a sponsor to modify a published FAA standard, the ADO must have processed the request in accordance with the current version of FAA Order 5300.1, Modifications to Agency Airport Design, Construction, and Equipment Standards, and the FAA must have issued an approval of the modification.

Per the current version of FAA Order 5300.1, the FAA can only approve a modification to standards if it justified by unusual local conditions. Cost savings or standardization of the equipment type is not considered to be an unusual local condition.

In addition, where the FAA has published specifications for specific items, it is FAA policy that sponsors must use the specifications as written, with no changes from the specifications, except where specifically allowed in the specification. The sponsor must obtain an FAA modification

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to standards approval for any changes that is not specifically allowed, no matter how minor it may seem to the sponsor. This is necessary to ensure that the change will not unduly limit completion, eliminate FAA approved vendors, or negatively impact the project.

3-23. Standards that Exceed those of the FAA.

FAA policy is that if the project meets the FAA standards, then the public need has been fully met. Therefore a project that is designed or built to a more rigorous standard is considered to exceed FAA standards. Except in limited circumstances for select projects as outlined in Table 3-16, the ADO must not fund work exceeding FAA standards with AIP.

The ADO also has the option of allowing the sponsor to pay for the cost to exceed the FAA standards if the procurement requirements in Paragraph 3-37 are met for inclusion of ineligible and/or non-AIP work in a contract. Funding examples are provided in Table 3-17.

Per FAA policy, sponsors must obtain written ADO concurrence prior to either to designing or bidding AIP funded projects that will include work that exceeds FAA standards. The ADO must put a copy of their determination in the grant file.

Table 3-16. Limited Circumstances Where Work Exceeding FAA Standards May be Funded with AIP

The limited circumstances include…
(1) Meeting a Local Standard. 49 USC § 47110(b)(1) gives the ADO the option to consider funding a cost if the cost is necessary to allow the project to proceed. Therefore if there is added cost to meet a local permitting standard, the ADO has the option to consider funding the added cost.
(2) Rehabilitating an Airfield Facility (or Piece of Equipment). The ADO has the option of funding a project to rehabilitate (not reconstruct) an airfield facility (or piece of equipment) that exceeds FAA standards if the project meets the following criteria. **(a)** The project component is normally an eligible cost. **(b)** The sponsor has demonstrated a continuing need for the existing facility or equipment. This can either be based on past aeronautical activity or use, or to accommodate the aircraft of a current tenant based at the airport. **(c)** The ADO has determined that the added cost is reasonable compared to the benefit being obtained. The ADO has the option to request a life cycle cost analysis, benefit-cost analysis, or other applicable analysis to support this determination. Sponsor guidance on life cycle cost analysis is discussed in Paragraph U-13 and sponsor guidance on benefit-cost analysis is contained in the document titled FAA Airport Benefit-Cost Analysis Guidance (see Appendix B for link).

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Table 3-17. Funding Examples for Work Exceeding FAA Standards

If a sponsor requests…	The ADO has the option to…
a. A project to construct a parallel taxiway at 400 feet from the runway when the FAA standard (based on the critical aircraft and approach minimums) is 300 feet based. The extra costs for normal site preparation and pavement construction (there are no large extra expenses). In this case, no cost analysis would be required because the FAA has already determined that the long term benefit of locating the taxiway far outweighs the potential cost of relocating the taxiway in the future. This applies regardless of whether the airport shows the need for the 400 feet within the 20 year planning period.	Fund the added cost with AIP.
b. A project for major reconstruction of a runway to a width wider or length longer than required by the critical aircraft. Because the project is a major reconstruction, it is considered similar to construction of a new runway.	Allow the sponsor to pay for the added cost if the procurement requirements in Paragraph 3-37 are met for inclusion of ineligible and/or non-AIP work in a contract.
c. A project for rehabilitation or overlay of a runway to a width wider or length longer than required by the current critical aircraft.	Fund the added cost with AIP.
d. A project for construction of a 75 foot wide taxiway when the justified width is 50 feet. This project is designed for a critical aircraft that will not be met for five or more years.	Allow the sponsor to pay for the added cost if the procurement requirements in Paragraph 3-37 are met for inclusion of ineligible and/or non-AIP work in a contract.
e. A project for construction of a 75 foot wide taxiway when the justified width is 50 feet. This project is designed for a critical aircraft that the ADO has determined will be met within five years.	Fund the added cost with AIP.
f. An apron construction project that includes fire hydrant installation to meet a local permitting standard. The ADO has determined that the cost of the fire hydrant installation is necessary to allow the project to proceed.	Fund the added cost with AIP.
g. A project that has an extended warranty period of 36 months, and the FAA standard is 12 months.	Allow the sponsor to pay for the added cost if the procurement requirements in Paragraph 3-37 are met for inclusion of ineligible and/or non-AIP work in a contract.
h. A project to rehabilitate an ARFF building that includes a weight training room that requires the ventilation system in the building be replaced. The weight training room is not required by FAA standards. The ADO has determined the weight training room and the ventilation system are ineligible costs.	Allow the sponsor to pay for the added cost if the procurement requirements in Paragraph 3-37 are met for inclusion of ineligible and/or non-AIP work in a contract.

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Table 3-17. Funding Examples for Work Exceeding FAA Standards

If a sponsor requests…	The ADO has the option to…
i. A project to rehabilitate an ARFF vehicle that is larger than required by 14 CFR Part 139 index. The ADO has determined that rehabilitation of the larger ARFF vehicle is less expensive than acquiring a new vehicle that is correctly sized.	Fund the added cost with AIP.

3-24. Eligibility Differences between the Handbook and the Advisory Circulars.

Advisory circulars are written to cover a broad range of airport design, construction, and equipment standards. There are recommendations in many advisory circulars that exceed what is justified under AIP. However, just because an item is discussed in an advisory circular, this does not make it eligible or justified. This Handbook, not the advisory circular, provides the guidance for determining eligibility and justification for any project that is AIP funded.

3-25. Approval and Use of State Standards.

Per 49 USC § 47105(c), a sponsor may request to use state standards for nonprimary airport development that are different from FAA standards. Per 49 USC § 47114(d)(5), a sponsor may also request to use state highway construction and material specifications for full strength airfield pavement construction at a nonprimary airport. The requirements for these two uses of state standards are different, and are discussed in detail in the current version of Advisory Circular 150/5100-13, Development of State Standards for Nonprimary Airports.

In order for the ADO issue grants using any type of state standards on a project in the grant, the requirements in Table 3-18 must be met.

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Table 3-18. Requirements for the Use of State Standards

In order for an ADO to permit the use of state standards on an AIP funded project, the following requirements must be met…
a. Modification to Standard Approved. AAS-1 must have approved the modification to standards according to the current version of FAA Order 5300.1, Modifications to Agency Airport Design Construction and Equipment Standards prior to the ADO issuing the grant.
b. Advisory Circular Requirements Met. The sponsor's request for use of the modification to standards must comply with all requirements contained in the current version of Advisory Circular 150/5100-13, Development of State Standards for Nonprimary Airports.
c. Additional Restriction #1 for Airfield Pavement Built Using State Highway Specifications Met. Per 49 USC § 47114(d)(5)(A), the airport layout plan must not show a future extension (in the 20 year planning period) that will result in a runway greater than 5,000 feet or serve aircraft that are greater than 60,000 pounds gross weight. This type of future development would require the sponsor to completely remove the pavement before it would have met the end of the required useful life of 20 years.
d. Additional Restriction #2 for Airfield Pavement Built Using State Highway Specifications Met. Per 49 USC § 47114(d)(5)(B), the ADO must not issue another AIP grant to rehabilitate or reconstruct the airfield pavement for a period of 10 years after the pavement construction is completed. The only exception to this requirement is if AAS-1 has determined rehabilitation or reconstruction is required for safety reasons.

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3-26. Projects with No FAA Standard.

Some eligible projects have no corresponding FAA standards, procedures, policy, plans, and/or specification. Early in the project planning, the ADO must contact APP-520 for assistance on project eligibility and AAS-100/300 for development of FAA standards for the project. Until the FAA standard is published, APP-520 will provide eligibility of these projects and AAS-100/300 will provide the standards to which the project must be constructed on a case-by-case basis.

In some cases, the FAA has specifically adopted the standards of another federal agency or of an industry group. The ADO can obtain a current list of these adopted standards from AAS-100/300 and APP-520.

3-27. ADO Optional Review of Plans and Specifications.

Sponsors must prepare plans and specifications to meet FAA standards as discussed in this section of the Handbook. In addition, sponsors are required to prepare an engineer's report that contains the information in Table 3-19. The ADO has the option to either accept sponsor certification for plans and specifications or to review the plans and specifications and associated engineer's report. In either case, the ADO has the option of requiring the sponsor to submit the plans and specifications and engineer's report to the ADO.

If the ADO choses to review the plans and specifications and engineer's report, the ADO is not required to issue an approval. Instead, the ADO has the option to provide comments to the

sponsor. The ADO must restrict funding to any project the ADO has determined does not meet FAA standards.

Sponsor certification of plans and specifications does not relieve the sponsor of the requirement to obtain prior FAA approval for modifications to standards or to notify the ADO of any limitations to competition within the project.

Table 3-19. Required Content for Engineer's Reports

Engineer's reports must include…
a. Design Computations. The report must include a summary of the design computations used in the design of major development items. Use of FAA Form 5100-1 for the design pavement thickness is required. A summary of computations and a description of the method used to conduct the drainage design must be presented. Earthwork cross-sections and mathematical calculations for designs are not required to be included in the design report unless requested by the ADO.
b. Selections of Design Materials and Equipment and Proposed Modifications to Standards. The engineer's choices and recommended modifications will, in most cases, be influenced by service records for comparable construction and by cost comparisons. The report must include concise statements and cost comparisons that justify selections made and the proposed modifications to standards proposed in the project. The current version of FAA Order 5300.1, Approval Level for Modification of Agency Airport Design and Construction Standards, provides additional information on modifications to design and construction standards.
c. Sole-Source, Proprietary, or other Competition-Limiting Specifications or Design Elements. The report must list all such items, including the reason for the limitation, impacts of limiting competition, and the benefits to the federal government for the proposal.
d. Other Elements. The report must outline related project work elements to be done without AIP assistance, including details on how the work is to be accomplished, and how it relates to the AIP work. Work to be done by utility companies must be described in sufficient detail to verify adequate funding for the work.
e. Support Data. The report must also include supporting data and itemized project cost estimates with source information. Any unique circumstances that may influence adjustments of existing project cost estimates must be explained.

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Section 10. Project Procured Correctly.

3-28. Importance of 49 CFR § 18.36.

Sponsors must follow 49 CFR § 18.36 when making procurements under an AIP grant. This regulation contains the policies and procedures for AIP project actions such as construction, equipment purchases, and selection for professional services. If a sponsor fails to meet any of the procurement requirements for their AIP funded project, it may result in the ADO determining a normally allowable cost to be unallowable.

3-29. Sponsor Procurement Requirements.

The sponsor, not the ADO, is responsible for meeting all procurement requirements. The sponsor establishes, enforces, and administers the contract agreements and is responsible for all contractual matters, including evaluation and award of contract, resolution of claims and disputes, and settlement of litigation issues. The ADO is not a party to the contracts that a sponsor executes under an AIP grant.

Per 49 CFR § 18.36(b)(11), the ADO cannot substitute their judgment for the sponsor unless the matter is primarily a federal concern. However, the ADO still has a defined role in procurement oversight per 49 CFR § 18.36 as further defined in this chapter.

Sponsor procurement requirements are discussed in more detail in Appendix U.

3-30. Summary Table of Mandatory/Optional ADO Procurement Review.

There are only certain situations where the ADO is required by 49 CFR § 18.36 to review the sponsor's procurement process. Otherwise, 49 CFR § 18.36(g)(3)(ii) allows the ADO to accept sponsor certification that the sponsor is following 49 CFR § 18.36. This certification is included in the grant assurances signed by the sponsor and therefore, no additional action is required by the ADO.

There are also certain situations where FAA policy or legislation requires the ADO to review the sponsor's procurement process. Table 3-20 contains a summary of the mandatory and optional ADO procurement review responsibilities. The ADO always has the option of reviewing any sponsor procurement documents and systems at any time during the grant process.

Table 3-20. Summary Table of Mandatory/Optional ADO Procurement Review

For the following action…	ADO Review is…	And the requirements are in Paragraph…
a. Bid Protests and Appeals.	Mandatory (but limited in nature)	3-31
b. Procurement Protests and Appeals after the Contract Award.	Mandatory (but limited in nature)	3-32
c. Bonding that Does Not Meet the Minimum Requirements	Mandatory (or can rely on sponsor's written assurance)	3-33
d. Noncompetitive Proposals (Including Sole Source and Inadequate Number of Qualified Sources).	Mandatory	3-34
e. Change Orders, Supplemental Agreements, and Contract Modifications.	Mandatory (but not required until is issuing an amendment or closing the grant)	3-35

Table 3-20. Summary Table of Mandatory/Optional ADO Procurement Review

For the following action…	ADO Review is…	And the requirements are in Paragraph…
f. Contract Clauses and Provisions Required for AIP Grants.	Optional (ADO responsibility is limited to notifying new sponsors of requirements)	3-36
g. Contracts Containing Ineligible and/or non-AIP Funded Work	Mandatory	3-37
h. Contracts Containing Work that Exceeds FAA Standards	Mandatory	3-38
i. Consultant Contracts (Qualifications Based with Negotiated Price).	Optional with Sponsor Certification (unless sponsor deviates from requirements, then mandatory)	3-39
j. Design-Build and Construction Manager-at-Risk Contracts.	Mandatory	3-40
k. Engineering Materials Arrestor System (EMAS).	Mandatory	3-41
l. Bid Alternates (Including Life Cycle Cost Analysis Alternates) and Bid Additives	Optional with Sponsor Certification	3-42
m. Buy American Requirements.	Mandatory (if a waiver is required)	3-43
n. OIG Notification of Potential Procurement/Bid Improprieties.	Mandatory	3-44
o. Escalator Clauses.	Mandatory	3-45
p. Plans and Specifications Review.	Optional with Sponsor Certification	3-46
q. Pre-award Review of Contracts.	Optional with Sponsor Certification	3-47
r. Sponsor's Procurement System.	Optional with Sponsor Certification	3-48
s. Force Account Work.	Mandatory	3-49
t. Value Engineering	Mandatory	3-50
u. Indefinite Delivery (Task Orders) Extensions for Construction Services	Mandatory	3-51

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Table 3-20. Summary Table of Mandatory/Optional ADO Procurement Review

For the following action…	ADO Review is…	And the requirements are in Paragraph…
v. Sponsor Furnished Materials or Supplies.	Mandatory	3-52
w. Suspension or Debarment of Persons or Companies.	Optional with Sponsor Certification (mandatory if a problem is identified)	3-53

3-31. Bid Protests and Appeals.

The sponsor requirements for bid protests and appeals is contained in 49 CFR § 18.36(b)(12) (see Paragraph U-9). Table 3-21 contains the ADO specific review requirements.

Table 3-21. ADO Review Requirements for Bid Protest and Appeals

The following applies…
a. Protest Sent Directly to the FAA by the Protester. If a protest is sent directly to the FAA, the FAA must send a copy of the protest to the sponsor per 49 CFR § 18.36(b)(12)(ii). The ADO must notify the protester that the protest has been forwarded to the sponsor and they must deal directly with the sponsor. In addition, the ADO must request the sponsor to send a copy of the sponsor's protest procedures to the ADO. Per 49 CFR § 18.36(b)(12), the sponsor is responsible for handling bid complaints and protests. The ADO's review responsibility at this point is limited to scanning the protest to determine if there is a federal concern and establishing that the sponsor has protest procedures in place. If there is a federal concern, the ADO must notify the sponsor and request the sponsor immediately send a copy of the sponsor's resolution. The ADO must not issue AIP funding until the ADO is convinced the sponsor resolved the issue and correctly addressed any federal concerns.
b. Copies of Protests Sent to the ADO by the Sponsor. After the sponsor's mandatory and timely submittal of the bid protests *and a copy of the sponsor protest procedures* to the ADO, the ADO's review responsibility at this point is limited to scanning the protest to determine if there is a federal concern and establishing that the sponsor has protest procedures in place. If there is a federal concern, the ADO must notify the sponsor and request a resolution. The ADO must not issue AIP funding until the ADO is convinced the sponsor resolved the issue and correctly addressed any federal concerns.
c. Cancelation of Prior Approval or Sponsor Certification. The ADO approval of the plans and specification or acceptance of the sponsor's certification is automatically canceled by the receipt of the bid protest.
d. Restrictions on AIP Funding Pending Resolution. The ADO must not issue AIP funding until the ADO has received the sponsor's written notification of how the issue was resolved and the ADO is convinced the sponsor resolved the issue and correctly addressed any federal concerns. By issuing the associated grant, the ADO is documenting their determination that the bid protest has been

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Table 3-21. ADO Review Requirements for Bid Protest and Appeals

The following applies…
resolved.
e. Protester Appeals. Per 49 CFR § 18.36(b)(12), a protester may pursue a protest with the federal agency after exhausting all administrative remedies with the sponsor. By this point, the ADO should have already scanned the protest to determine if there was a federal concern and established if the sponsor has protest procedures in place. The ADO has the option to respond to the protester, but is not required to by 49 CFR § 18.36.

3-32. Procurement Protests and Appeals after the Contract Award.

The ADO review requirements for protest and appeals that occur after the contract is awarded is the same as the requirements for bid protests and appeals in Paragraph 3-31. However, since the project may already be under grant, the ADO must notify the sponsor that the sponsor must not request payments for the disputed costs.

3-33. Bonding that Does Not Meet the Minimum Requirements.

The sponsor requirements for bonding are contained in 49 CFR § 18.36(h) (see Paragraph U-19). Table 3-22 contains the ADO specific review requirements for bonding that does not meet the minimum requirements in 49 CFR § 18.36(h).

Table 3-22. ADO Review Requirements for Bonding that Does Not Meet the Minimum Requirements

For…	The following applies…
a. Bonding that Does Not Meet the Minimum Requirements	The ADO is allowed to rely on the sponsor's written assurance that the federal interests are adequately protected under the proposed bonding method. As long as the ADO has not issued a written negative determination, it is implicitly implied that the ADO has issued a favorable determination for all future procurement actions using the proposed bonding method.
b. Combined Payment and Performance Bonds	The ADO is allowed to rely on the sponsor's written assurance that the federal interests are adequately protected under the combined payment and performance bonding proposal. As long as the ADO has not issued a written negative determination, it is implicitly implied that the ADO has issued a favorable determination for all future procurement actions using the proposed bonding method.

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3-34. Noncompetitive Proposals (Including Sole Source and Inadequate Number of Qualified Sources).

Sponsors are only allowed to use a noncompetitive procurement process for the extremely limited circumstances outlined in 49 CFR § 18.36(d)(4)(i) (see Paragraph U-15).

Per FAA policy, the ADO must not issue a grant that includes noncompetitive proposals unless the ADO has reviewed the proposal and concurs that the requirements of 49 CFR § 18.36(d)(4)(i) have been met (see Paragraph U-15). The exception is for change orders, supplemental agreements, and contract modifications which are discussed in Paragraph 5-34.

The ADO has the option to document their concurrence either by notifying the sponsor in writing (with a copy to the grant file) or issuing the grant.

3-35. Change Orders, Supplemental Agreements, and Contract Modifications.

The requirements for change orders, supplemental agreements, and contract modifications are contained in Paragraph 5-34.

3-36. Contract Clauses and Provisions Required for AIP Grants.

The sponsor requirements for AIP required contract clauses and provisions is contained in 49 CFR § 18.36(i) (see Paragraph U-20). The ADO responsibility is limited to making sure that new sponsors are aware of these requirements.

3-37. Contracts Containing Ineligible and/or non-AIP Funded Work (Including Proration).

The sponsor requirements for contracts containing ineligible and/or non-AIP funded work (including how to determine the low bidder) are contained in Paragraph U-11. Table 3-23 contains the ADO specific review requirements.

Table 3-23. ADO Review Requirements for Contracts Containing Ineligible or Non-AIP Funded Work

For…	The following applies…
a. Contracts Containing Ineligible Work or Work not Funded with AIP	It is FAA policy that a sponsor must not combine ineligible work and/or non-AIP funded work within the same contract unless the sponsor provides a compelling reason documenting that it is in the federal governments best interest to the ADO and the ADO has concurred with the sponsor's request in writing. Examples of situations that may be in the best interest of the federal government are included in Table 3-24. The FAA does not consider *no additional cost to the federal government* as a sufficient federal government benefit.

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Table 3-23. ADO Review Requirements for Contracts Containing Ineligible or Non-AIP Funded Work

For…	The following applies…
b. ADO Concurrence	In order to concur with the sponsor's request, the ADO must determine that this will not result in an increase to the cost of the AIP funded work and that the cost of ineligible and/or non-AIP funded work can be easily identified. This is because 49 CFR § 18.20(a)(2) requires that the ADO know what was paid for under the grant. The ADO must put a copy of their determination in the grant file. If the field of potential bidders will be reduced by the inclusion of the ineligible or non-AIP funded work, this may reduce competition and affect the cost. Therefore the ADO cannot conclusively determine that there will be no increase in cost. Table 3-25 includes examples of where potential bidders may be reduced.
c. ADO Determination of Federal Participation	The ineligible and/or non-AIP funded work must be clearly separated from the AIP funded work. This is the preferred method for the ADO to determine federal participation. If the ADO determines the ineligible and/or non-AIP funded cannot be feasibly separated from the AIP funded work, the ADO can prorate the work to determine federal participation. **Example of Prorating:** A project will extend an off-airport drainage box culvert through the airport. This box culvert will also serve the neighborhood adjacent to the airport. The airfield runoff is 25 acres and the neighborhood runoff is 75 acres. The eligible federal participation would be one fourth (25 acres divided by 100 acres) of the total cost to extend the culvert through the airport (including associated design, inspection, etc.).

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Table 3-24. Examples of Being in the Federal Government's Best Interest

Examples include…
(1) The inclusion of ineligible and or non-AIP work will result in an overall reduction in the amount of construction workers and vehicles on the airfield. This is of benefit to the FAA because it reduces the potential risk of runway incursions.
(2) The inclusion of ineligible and or non-AIP work will result in the runway being closed for construction for a significantly shorter period of time. This is of benefit to the FAA because it maintains system capacity.

Table 3-25. Examples where the Number of Potential Bidders may be Reduced

Examples include…
(1) A project that has a warranty requirement to store spare parts in a manufacturer's warehouse within 15 miles of the airport that has been in operation for at least one year.
(2) A project specifying highway compliant snow removal equipment.
(3) An ARFF vehicle that is required to be equipped with specialized extraction equipment that is only available as standard equipment on one manufacturer's vehicles.

3-38. Contracts Containing Work that Exceeds FAA Standards

It is FAA policy that a sponsor must not include work that exceeds FAA standards in a contract unless the sponsor must provide a compelling reason to the ADO and the ADO has concurred with the sponsor's request in writing. The requirements for ADO concurrence (as well as the associated funding rules) are contained in Paragraph 3-23.

3-39. Consultant Contracts (Qualifications Based with Negotiated Price).

The sponsor procurement requirements for this type of competitive proposal are contained in Paragraph U-14. The current version of Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects, provides sponsor requirements for consulting contracts, including the unique contract methods listed in Table 3-26.

The ADO review of procurement of these types of proposals is optional if the sponsor has submitted the associated sponsor certification.

However, if the sponsor is proposing to deviate from the sponsor procurement requirements per the above Advisory Circular, the ADO must not issue the associated grant unless the ADO has reviewed the contract and concurs with the deviations. The ADO has the option to document their concurrence either by notifying the sponsor in writing (with a copy to the grant file) or issuing the grant.

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Table 3-26. Unique Consultant Contract Methods

Some unique contract methods include…
a. Retainers
b. Cost-plus-a-fixed-fee
c. Cost-plus-a-percentage-of-cost (note that is prohibited)
d. Indefinite delivery (also called task orders and work authorizations)

3-40. Design-Build and Construction Manager-at-Risk Contracts.

The sponsor procurement requirements for these types of competitive proposals are contained in Paragraph U-14.

Although not it does not appear to be required by 49 CFR § 18.36, 49 CFR § 18.4(a) requires compliance with all applicable federal statutes and regulations and 49 USC § 47142 makes ADO pre-review and concurrence of design-build proposal mandatory in order for the project to be funded with AIP. It is FAA policy that the ADO pre-review and concurrence of construction manager-at-risk proposals (and any other competitive proposals not qualifications based with negotiated price) is also mandatory in order for the project to be funded with AIP.

In order for the ADO to concur with the proposal, the ADO must be satisfied that the requirements of 49 CFR § 18.36(d)(3) have been met (see Paragraph U-14) prior to the sponsor awarding the contract.

The ADO has the option to document their concurrence either by notifying the sponsor in writing (with a copy to the grant file) or issuing the grant.

3-41. Engineering Materials Arrestor System (EMAS).

An EMAS project is considered a competitive proposal because due to the nature of the project, sponsors must award the proposal based on price and other factors. The sponsor procurement requirements for these types of competitive proposals are contained in Paragraph U-14.

Although not it does not appear to be required by 49 CFR § 18.36, 49 CFR § 18.4(a) requires compliance with all applicable federal statutes and regulations and 49 USC § 47142 makes ADO pre-review and concurrence of design-build proposal mandatory in order for the project to be funded with AIP. It is FAA policy that the ADO's pre-review and concurrence of EMAS proposals (and any other competitive proposals that are not qualifications based with negotiated price) is also mandatory.

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In order for the ADO to concur with the proposal, the ADO must be satisfied that the requirements of 49 CFR § 18.36(d)(3) have been met (see Paragraph U-14) prior to the sponsor awarding the contract.

The ADO has the option to document their concurrence either by notifying the sponsor in writing (with a copy to the grant file) or issuing the grant.

3-42. Bid Alternates (Including Life Cycle Cost Analysis Alternates) and Bid Additives.

The sponsor requirements for contracts containing bid alternates (including the use of life cycle cost analysis) and additives are contained in Paragraph U-13. The ADO has the option to request and review the bid package to ensure that the sponsor has correctly established how the award will be made within the bid package (commonly referred to as the basis for award). Otherwise, the ADO has the option to accept sponsor certification.

The ADO has the option to document their determination either by notifying the sponsor in writing (with a copy to the grant file) or issuing the grant.

3-43. Buy American Requirements.

The Buy American Preferences under 49 USC § 50101 require that all steel and manufactured goods used in AIP funded projects are produced in the United States. Detailed sponsor and ADO requirements are included in Appendix Y.

3-44. OIG Notification of Potential Procurement/Bid Improprieties.

In the following three circumstances contained in Table 3-27, the ADO must notify the DOT Office of Inspector General (OIG) that there is the potential for procurement or bid improprieties. The contact numbers for the OIG regional offices are available on the OIG website (see Appendix B for link).

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Table 3-27. Circumstances Requiring OIG Notification

Circumstances include…	
(1)	All three of the following conditions exist: There are five or fewer bidders on a construction project, the low bid is greater than the engineer's estimate, and the bid is $500,000 or more.
(2)	Both of the following conditions exist: There is only a single bidder on a construction contract and the bid is $250,000 or more.
(3)	Any procurement actions that the ADO feel contains any unusual or suspicious procurement patterns or activity.

The ADO is not required to provide the bid package to the OIG unless the OIG requests it. In addition, the ADO is not required to delay the grant award unless specifically requested to by the OIG.

The ADO's notification to the OIG is a required action by the ADO. The purpose of the notification is for the OIG to identify trends and take appropriate action if necessary. The ADO does not have the authority to substitute their judgment over that of the OIG by determining a notification to be unnecessary. The ADO may only deviate from these requirements if the ADO, regional office, or APP-500 obtains prior written OIG concurrence.

The above requirement was originally implemented based on a 1983 OIG finding and a subsequent meeting between the OIG and the FAA Office of Airports (the 1983 values have been adjusted for inflation by the FAA). The ADO can find definitions and more discussion on bid rigging, collusion, and unbalanced bidding in a paper called Suggestions for the Detection and Prevention of Construction Contract Bid Rigging (see Appendix B for link).

3-45. Escalator Clauses.

Per FAA policy, sponsors must send their request to the ADO and obtain written APP-1 approval before awarding contracts containing an escalator clause (see Paragraph U-17).

Per FAA policy, the FAA will not fund any costs in a contract that are subject to an escalator clause unless specifically approved by APP-1. Generally, APP-1 has not approved AIP funding for escalator clauses because AIP project grant amendments are limited by statute and because the construction projects are usually of short duration.

If APP-1 does not approve the sponsor's request, the ADO has the option of allowing the sponsor to keep the escalator clause in the contract as a non-AIP funded work item provided that the requirements in Paragraph 3-37 are met.

The ADO must provide a copy of the written determination to the sponsor and place a copy in the file.

3-46. Plans and Specifications Review.

Per 49 CFR § 18.36(g)(1), the ADO the option to review the sponsor's technical specifications (including plans and specifications, engineer's report, and any other items within the procurement package) at any time during the process. This optional ADO review is discussed further in Paragraph 3-27.

3-47. Pre-award Review of Contracts.

49 CFR § 18.36(g)(2) gives the ADO the option to conduct a *pre-award* review for the situations contained in Table 3-28. Otherwise, the ADO has the option to accept sponsor certification.

It is FAA policy that sponsors notify the ADO when any of these situations exist. If the ADO conducts the review, the ADO has the option to provide the sponsor with a written response containing the ADO finding and/or keep a copy available for future reference.

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Table 3-28. Situations Where the ADO has the Option to Conduct a Pre-Award Review

Situations include…
(1) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section.
(2) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition, or only one bid or offer is received in response to a solicitation.
(3) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a *brand name* product.
(4) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement.
(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold. Note that although the ADO is not required to conduct a pre-award review, the ADO must conduct a review prior to the grant being amended or closed as discussed in Paragraph 5-34.

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3-48. Sponsor's Procurement System.

Per 49 CFR § 18.36(g)(3) (see paragraph U-18), the ADO must review a sponsor's procurement system unless the sponsor has submitted a sponsor certification that the system meets the requirements of 49 CFR Part 18.

If the ADO must conduct a review, the ADO has the option to provide the sponsor with a written response containing the ADO findings and/or keep a copy available for future reference.

3-49. Force Account Work.

Sponsor force account work is planning, engineering, or construction work done by the sponsor's employees. Unlike other such work, it is done without the benefit of a construction or consultant contract obtained through the normal procurement process rules in 49 CFR § 18.36. Force account work is allowable per OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.

Per FAA policy, in order for the sponsor to use force account work, the sponsor must request the use of force account work in writing and the ADO must have approved the request *in advance of the grant offer*. In addition, it is in the best interest of the sponsor to obtain ADO approval *prior to the sponsor starting the work* to ensure that the work is allowable. The sponsor's written request must meet the requirements in Table 3-29.

Per FAA policy, the sponsor must provide the ADO with detailed documentation of all force account costs incurred as outlined in Table 3-30. In addition, the sponsor must follow the

additional requirements in Table 3-31. The ADO must provide a copy of the written determination to the sponsor and place a copy in the file.

The ADO must not approve the use of force account for environmental work if the FAA is responsible for performing or procuring the work per the current version of FAA Order 5050.4, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Projects.

Table 3-29. Sponsor Force Account Submittal Requirements

Sponsors must include the following in their written request…
a. Project Scope. The sponsor must provide adequate details showing the nature and extent of the work to be performed using force account.
b. Justification. The sponsor must provide justification for doing the work by force account rather than by contract. The sponsor must clearly show that the benefits, including benefits to the federal government, of using force account override the federal policy of competitive bidding or negotiated contracts.
c. Personnel Qualifications. The sponsor must provide information on the ability of their personnel to perform the force account work.
d. Detailed Cost Estimate. The sponsor must provide estimate of costs, including wage rates, non-salary expenses, indirect costs, and comparison of costs between the sponsor's force account to normal procurement methods.
e. Sponsor's Resources. The sponsor must provide information on sponsor's resources (labor, material, equipment, and financing) and workload as they affect capacity to do the work, date by which the work will be complete, or dates within which the work will take place. Enough funds must be available to the sponsor to carry payrolls and any necessary purchases of materials and rental equipment.
f. Cost Analysis. The sponsor must prepare a cost analysis per 49 CFR § 18.36(f) (see Paragraph U-17) and submit a copy to the ADO in their request.

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Table 3-30. Sponsor Force Account Documentation Requirements

Sponsors must document actual costs as follows…
a. Personnel. Because sponsor employees often work on multiple projects, or on activities outside the project in the AIP grant, sponsors must submit timesheets (or a suitable report from an automated payroll accounting system) to the ADO to support these salaries and wages. A sponsor must base their charges upon actual payroll information documented under their agency's generally accepted practice. This payroll information must be reviewed and approved by the sponsor's responsible official. The timesheets must properly document all of the hours worked by the employees, regardless if they were on the AIP project or not. These above requirements are discussed in more detail in Attachment B, Paragraph 8, of OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. The expense must be directly related to the AIP project. Arbitrary or prorated costs are not allowable.
b. Equipment. Equipment rental rates applicable to the construction on force account development vary widely. It is recommended that sponsors use the U.S. Army Corps of Engineers Construction Equipment Ownership and Operating Expense Schedule (EP-1110-1-8) to determine the equipment rates. The purchase price of equipment bought by the sponsor for use on a force account project is *not* allowable, only this calculated rental and operating rate.
c. Supplies and Material. All supplies and materials must follow the procurement requirements in 49 CFR Part 18 (see Appendix U) and the sponsor must keep records to document these costs.

Table 3-31. Other Sponsor Force Account Requirements

Other requirements include…
a. Reporting. Construction and project reporting requirements are the same as those under a traditional contract
b. FAA Standards. Force account work must meet the same engineering and construction standards that are required under a traditional contract.
c. Labor Standards. Cost of labor and supervision must be in accordance with state and local standards.
d. Insurance. It is the sponsor's responsibility to comply with state and local insurance requirements.
e. Project Changes. The sponsor must obtain prior ADO approval to change the scope of the force account work. Sponsors must make these requests in writing.

3-50. Value Engineering.

Value engineering is the systematic application of recognized techniques that identify the function of a project or service and provide the best function reliably at lowest overall cost.

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The sponsor requirements for value engineering are contained in Paragraph U-9, which, by FAA policy, is required for new primary airports. In addition, ADOs have the option to require sponsors to use value engineering for unusually complex projects of greater than average costs (or require cost-benefit studies, present worth analysis, the study of alternatives, tactical planning, or other forms of technical evaluation).

The ADO must have concurred in writing with the use and scope of services for the value engineering prior to the work commencing. The ADO must place a copy of the concurrence in the project file.

ADO's are cautioned that significant advance preparation may be needed to comply with the current version of Advisory Circular 150/5300-15, Use of Value Engineering for Engineering and Design of Airport Grant Projects.

3-51. Indefinite Delivery (Task Orders) Extensions for Construction Services.

Per FAA policy, a sponsor may not extend a task order contract for construction services beyond a one-year duration (without re-advertising the contract) unless the ADO concurs with this action. This is because AIP funded construction must be based on current Davis-Bacon wage rates, which are updated on a yearly basis.

For the ADO to concur with the extension, the sponsor must provide compelling justification and the ADO must be able to agree that the economic conditions and wage rates and project costs have remained unchanged. Per FAA policy, the ADO must not concur with more than four extensions to the same task orders.

3-52. Sponsor Furnished Materials or Supplies.

The sponsor requirements for using sponsor furnished materials or supplies within an AIP funded project are contained in Paragraph U-3.

The ADOs ability to concur with the use of sponsor furnished materials or supplies and use AIP funding on these items (and/or associated installation) depends on whether the material or supplies have been procured per 49 CFR § 18.36 (see Appendix U) and meet all applicable federal contract provisions (see the FAA Office of Airports website) as shown in Table 3-32. The ADO has the option of relying on the sponsor’s written statement regarding the sponsor’s ability to meet these requirements. The ADO also has the option of requiring the sponsor to provide additional support documentation.

The ADO must provide a copy of the written determination (including the approval of force account work, if applicable) to the sponsor and place a copy in the file. As discussed in Paragraph 4-10, sponsors are prohibited from using sponsor furnished materials or supplies against the sponsor’s share of a grant.

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Table 3-32. Rules for Sponsor Furnished Materials or Supplies

If the sponsor furnished materials or supplies…	The following can be funded with AIP…
(1) Meets all of the following: **(a)** Meets the procurement requirements of 49 CFR § 18.36. **(b)** Meets all required federal contract provisions for equipment procurement, including Buy American. **(c)** Meets all applicable FAA technical standards for material or supply. **(d)** Is approved by the ADO for force account work (see Paragraph 3-49).	The materials or supplies and the associated installation.
(2) **Only** meets the applicable FAA technical standards for material or supply.	Installation only (the cost of the materials or supplies is not eligible).
(3) **Does not** meet all applicable FAA technical standards for material or supply.	Neither the materials or supplies nor the associated installation (both ineligible). In addition the materials may not be used on the project.

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3-53. Suspension or Debarment of Persons or Companies.

Suspension and debarment are actions that a federal agency takes to prohibit certain person or company from bidding on projects, receiving contracts or grants, or participating in federally funded contracts or grants. If a person or company is suspended or debarred by a federal agency, the suspension or debarment extends to all federal programs and procurement.

Suspension and debarment applies to contractors and subcontractors at any level, including suppliers, fee appraisers, inspectors, real estate agents, consultants, architects, engineers, and attorneys. It also applies to any others that are associated with the suspended or debarred person or company.

Additional information on suspension and debarment is available on the FHWA Construction Program Guide/Suspension and Debarment and the current version of DOT Order 4200.5, DOT Suspension and Debarment Procedures and Ineligibility. Note APP-500 is the Suspension and Debarment Official for AIP.

Paragraph U-5 contains the requirements sponsors must follow regarding persons or companies that have been excluded from working on AIP funded projects. Table 3-33 contains the ADO requirements.

Table 3-33. ADO Requirements Regarding Suspension or Debarment

For the following …	The ADO requirements include…
a. The sponsor is awarding a contract.	Per FAA policy, the ADO has the option to accept sponsor certification that the sponsor did the appropriate checks to assure that contracts or subcontracts are not awarded to suspended, debarred, or excluded firms or individual. Per FAA policy, the ADO also has the option to request additional information from the sponsor so the ADO can conduct a more thorough review. If the ADO believes the sponsor requirements were met, no further action or documentation by the ADO is required. If the sponsor requirements were not met, the ADO must contact their regional contact in the FAA Office of the Chief Counsel - Airports and Environmental Law Division (AGC-600) to determine the course of action.
b. A person or company currently working on an AIP project is suspended or debarred.	If the ADO becomes aware of this situation, per FAA policy, the ADO must contact their regional contact in the FAA Office of the Chief Counsel - Airports and Environmental Law Division (AGC-600) to determine the course of action
c. It appears that a person or company might need to be suspended or debarred.	If the ADO becomes aware of this situation, per FAA policy, the ADO must contact their regional contact in the FAA Office of the Chief Counsel - Airports and Environmental Law Division (AGC-600) to determine the course of action

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Section 11. Cost Allowable

3-54. Allowable Cost Legislation and Policy.

The three documents listed in Table 3-34 provide guidance to the ADO on how to determine what costs are allowable and necessary within AIP funded projects.

49 USC § 47110(b) contains the five basic requirements that must be met for an ADO to determine that a cost is allowable. These five basic requirements are discussed in further detail in the following sections, as listed in Table 3-35.

In addition, the FAA has made a number of policy decisions on specific project cost items, which are discussed in further detail in the rest of this section.

Table 3-34. Resources to Determine if a Project Cost is Necessary and Allowable

The resources include…
a. The Act. 49 USC § 47110(b) contains the basic five requirements that must be met for an ADO to determine that a cost is allowable.
b. OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. 49 CFR § 18.22 requires that this OMB circular be followed for AIP funded projects. OMB Circular A-87 provides the principles that the ADO must use to determine if a cost is allowable.
c. The Single Audit Act of 1984. The Single Audit Act of 1984, Public Law 98-502 (as amended in 1996, Public Law 104-156, as amended and recodified at 31 USC § 7501 et seq.) is implemented by OMB Circular A-133, Audits of State, Local Governments, and Nonprofit Organizations. Although it is not this document's primary purpose, the Single Audit Act of 1984 provides valuable information about how to make allowable cost determinations.

Table 3-35. Five Basic Requirements to Determine a Cost is Allowable

For the following basic requirement…	The requirements are in…
a. Costs Necessary (Allowable Cost Rule #1).	Section 12
b. Costs Incurred after Grant Executed (Allowable Cost Rule #2).	Section 13
c. Costs Reasonable (Allowable Cost Rule #3).	Section 14
d. Costs Not in Another Federal Grant (Allowable Cost Rule #4).	Section 15
e. Costs within Federal Share (Allowable Cost Rule #5).	Section 16

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3-55. Unallowable Cost Table.

Appendix C contains tables that the ADO can use to help determine if the FAA has previously identified a project or cost to be ineligible or unallowable.

3-56. Administrative Costs.

Administrative costs are considered allowable costs. Examples of common administrative costs and their requirements are included in Table 3-36. Administrative costs do not include planning, engineering, or construction work, and therefore do not fall under the force account requirements for these types of work.

Table 3-36. Administrative Costs Examples and Requirements

For the following example…	The following requirements apply…
a. Direct Employee Time. The cost for a sponsor's employee's time (meaning the employee hourly salary and costs directly related to the hourly rate such as Medicare, Social Security, and federal/state/local taxes) for administrative work on an AIP project.	**(1)** Because sponsor employees often work on multiple projects, or on activities outside the project in the AIP grant, sponsors must submit timesheets (or a suitable report from an automated payroll accounting system) to the ADO to support these salaries and wages. **(2)** A sponsor must base their charges upon actual payroll information documented under their agency's generally accepted practice. This payroll information must be reviewed and approved by the sponsor's responsible official. **(3)** The timesheets must properly document *all* of the hours worked by the employees, regardless if they were on the AIP project or not. **(4)** These above requirements are discussed in more detail in Attachment B, Paragraph 8, of OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. **(5)** The expense must be directly related to the AIP project. Arbitrary or prorated costs are not allowable. **(6)** The ADO also has the option to require this information from the sponsor prior to the grant offer, especially if the costs are significant ($10,000 or more than 5 percent of the project costs).
b. Overhead Costs. Anything more than direct employee's time. These normally consist of support services such as accounting, billing, building rent, and utilities that cannot be attributed to one specific project or activity.	**(1) Required Documentation.** These overhead costs are allowable only if the sponsor has a Cost Allocation Plan approved by the cognizant federal agency and an executed indirect cost rate agreement in accordance with OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. These two documents are needed to determine what percentage of the costs, if any, can be allocated to the AIP project. **(2) Cognizant Federal Agency.** The cognizant agency of the federal government must approve or disapprove the Cost Allocation Plan. This agency is generally the federal agency that has the greatest dollar involvement with a given sponsor. OMB last published the list of cognizant agencies on January 6, 1986. If the ADO has a question regarding whether the FAA is the cognizant agency for a sponsor, they have the option to contact APP-500. APP-500 will coordinate with the DOT Office of Inspector General (OIG) and the DOT Office of the Senior Procurement Executive (M-60). For the most part, the FAA is the cognizant agency for airport authorities. The majority of other sponsor types have the Department of Health and Human Services (HHS) as the cognizant agency. **(3) FAA Determinations.** For those sponsors for which the FAA is the cognizant agency, responsibility for approving or disapproving cost allocation plans and negotiating and executing the indirect cost rate agreement is delegated to the regional division manager. The ADO has the responsibility for review of the cost allocation plan, for signature by the regional division manager, and must use the following documents to make their recommendation: **(a) OMB Circular A-87.** Cost Principles for State, Local and Indian Tribal

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Table 3-36. Administrative Costs Examples and Requirements

For the following example…	The following requirements apply…
	Governments. **(b) ASMB C-10**. Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government (developed by the United States Department of Health and Human Services and dated April 8, 1997). **(c) Financial Assistance Guidance Manual.** This guidance manual replaces DOT Order 4600.17A, Financial Assistance Management Requirements. **(4) Application of Rate.** The rate approved under the cost allocation plan (also referred to as the indirect cost allocation plan rate, or ICAP rate) is applied only to the costs associated with sponsor's employee's hourly rate. For example, if the employee earns $10/hour (not including taxes, Social Security, and Medicare) and the rate is 14%, the allowable overhead is $10/hour multiplied by 14%. The rate is not a multiplier on anything but the employee's hourly rate.
c. Employee Expenses (such as tolls, mileage, and parking).	**(1)** The expense must be reasonable, be directly related to the AIP project, and be supported by a receipt or voucher.
d. Legal Fees.	**(1)** The expense must be reasonable, be directly related to the AIP project, and be supported by an invoice.
e. Independent Fee Estimates.	**(1)** The expense must be reasonable, be directly related to the AIP project, and be supported by an invoice.
f. Newspaper Advertisements.	**(1)** The expense must be reasonable, be directly related to the AIP project, and be supported by an invoice.
g. Audit Fees.	**(1)** The expense must be reasonable, be directly related to an AIP project (in this grant or in a prior grant), and be supported by an invoice. **(2)** The audit must be required by, and performed in accordance with, the Single Audit Act, as implemented by Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. **(3)** If the audit includes other federal programs beyond AIP, the costs are prorated to include only the AIP portion. **(4)** It is the opinion of the FAA that sponsors that are issued subgrants under a state block grant are responsible for obtaining the single audit and for the payment of the audit costs. Therefore, the request for reimbursement of these costs is tied to the subgrant.

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3-57. Architectural Enhancements Costs.

It is FAA policy to support projects that contribute to the architectural and cultural heritage of local communities. In accordance with this policy, 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 as long as this can be accomplished without impairing function, safety, and efficiency of the facility.

Architectural treatment of the inside and outside of buildings to reflect local custom, style, or cultural attitudes is an allowable cost. The work must be architectural in nature (it cannot be for the sole purpose of aesthetic enhancement) and must be in an area accessible by the public.

Table 3-37. Allowability Examples for Architectural Treatments

The cost to…	Is…
a. Apply an adobe finish on the exterior and public interior walls of a terminal in the Southwest.	**Allowable.**
b. Acquire and install terrazzo floors (depicting local scenes) in a non-public area of the terminal.	**Not Allowable.** The type of work is allowable, but because it is not in a public area, it is unallowable.
c. Purchase and install a free standing sculpture in the terminal.	**Not Allowable.** This is a work of art for the sole purpose of aesthetic enhancement. It is not an architectural treatment.

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3-58. Benefit-Cost Analysis (BCA) Costs.

BCA costs are only allowable as a grant formulation cost for the specific project (not as a stand-alone grant). In addition, these costs cannot be reimbursed until after the BCA shows that the project is justified.

3-59. Construction Costs.

Construction costs are only allowable if they are necessary to complete the project according to the plans and specifications.

3-60. Construction Project Signs Costs.

Project signs at an airport construction sites are not required, but if erected may be an eligible cost if the construction includes at least $200,000 of federal funds and will be underway for at least 3 months. The allowable cost of the sign is limited to $1,000. The sign must contain a brief description of the project and the following statement: Part of the funding for this project is being provided by a grant from the Airport Improvement Program, which is administered by the Federal Aviation Administration and financed through the Airport and Airway Trust Fund.

3-61. Computer Software Costs.

The ADO may approve sponsor requests, on a case-by-case basis, to include a specifically allocated portion of the costs of software acquisition, licensing and/or subscription, but only for that portion of the cost that is directly attributable to a specific, FAA-approved AIP project—and only for the duration of the approved AIP project.

These costs may include customized commercially available software, but only if the customized software becomes public domain and the sponsor makes it available to any user without cost beyond handling costs.

It is anticipated that the costs of this software would be included in the consultant's fees to complete the project. The cost for sponsor acquisition of software is not allowable.

3-62. Drainage Costs.

The drainage improvements are allowable to the extent the work serves eligible areas and facilities. If the drainage improvement will serve both eligible and ineligible areas/facilities, the allowable cost is limited to prorated share for the eligible portion. The ADO will determine the method of proration. Table 3-38 contains a proration example. In addition, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met.

Drainage projects are eligible as stand-alone projects as discussed in Appendix D.

Table 3-38. Drainage Proration Example

For the following situation…	The allowable prorated amount would be…
a. A project will extend an off-airport drainage box culvert through the airport. This box culvert will also serve the neighborhood adjacent to the airport. The airfield runoff is 20 acres and the neighborhood runoff is 100 acres.	One fifth of the total cost to extend the culvert through the airport (including associated design, inspection, etc.).

3-63. Duct Bank Costs for Ineligible Facilities.

Normally, the cost to install, modify, or enlarge duct banks to support an existing or future ineligible facility is not allowable. There is one exception. These costs are allowable as part of an AIP funded pavement project only if the ADO has determined that they will reduce the need to disturb the AIP funded pavement at a later date.

The acquisition and installation cost of the ineligible utilities and equipment remains unallowable.

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3-64. Energy Efficiency Improvement Costs.

Per 49 USC § 47110(b)(7), the costs to improve the energy efficiency of a building are allowable if they meet the criteria in Table 3-39. Table 3-40 contains an example of an energy efficiency improvement cost.

Table 3-39. Criteria for Energy Efficiency Improvement Costs

In order for an energy efficiency improvement cost to be allowable…	
a.	The increase in initial project costs is offset by expected savings over the life cycle of the project. The sponsor must follow the published FAA guidance for calculating the life cycle cost.
b.	The cost is incurred on an otherwise eligible and justified airport building project (improving energy efficiency cannot be the justification). A project to improve a building's energy efficiency is not eligible as a stand-alone project.
c.	The cost is for design, construction, testing, and inspection (not for obtaining LEED or similar certification or credits – which is not a necessary cost of the project).
d.	For a building which contains eligible and ineligible areas, all costs associated with the measure (such as design, construction, testing, and inspection) are prorated accordingly. In addition, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met.
e.	The sponsor must submit the initial project costs, the expected savings over the life of the project, the life cycle cost calculations, and the proration calculations (for building contains eligible and ineligible areas) to the ADO.
f.	The costs to redesign or to modify ongoing construction to incorporate energy efficiency measures into the project are only allowable to the extent that the previously incurred design costs are removed from the AIP-funded project.

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Table 3-40. Example of a Potentially Allowable Energy Efficiency Measure

An example includes…
A measure designed to meet one or more of the criteria for being considered a high-performance green building as set forth under section 401(13) of the Energy Independence and Security Act of 2007 (Public Law 110-140, as codified at 42 USC § 17061(13)).

3-65. Engineering and Architectural (A/E) Costs.

Engineering and architectural costs are only allowable if they are necessary to complete the project. Table 3-41 provides examples of some engineering and architectural costs that may be necessary for an AIP project.

Table 3-41. Examples of Engineering and Architectural Costs

Some examples include costs to…	
a.	Prepare plans and specifications (stand-alone design grants are discussed in Appendix D)
b.	Establish and report on project specific DBE goals
c.	Conduct initial field investigations
d.	Conduct preliminary design
e.	Conduct testing
f.	Prepare construction management plans and the final test and quality control reports required for projects with pavement costs of $250,000 or more
g.	Provide engineering cost estimates
h.	Prepare bid documents
i.	Evaluate bid proposals
j.	Conduct construction inspection
k.	Provide technical consulting services
l.	Surveying and data collection (see Paragraph 3-72 for guidance on Geographic Information System (GIS) data collection)

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3-66. Environmental Finding Costs.

Environmental finding costs are only allowable if they are necessary to complete the project per the current version of FAA Order 5050.4, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Projects.

3-67. Equipment Leasing (instead of Purchase) Costs.

The Act only allows eligible equipment to be purchased, not leased. The exception is when equipment is leased for temporary use to complete an AIP eligible project (either by a contractor or through ADO approved sponsor force account).

In the case of lease/purchase agreements, only the purchase portion of the arrangement is an allowable AIP cost, and the ADO cannot issue the grant for the equipment until after the sponsor executes the option to purchase the equipment.

3-68. Facility Impeding an AIP Project - Costs to Rebuild in Another Location.

The definition of allowable costs is expenses necessary to complete the project. Normally, only *demolition* of facilities impeding an AIP project is considered necessary. However, there are situations where the cost of rebuilding an impacted facility (or paying to physically move it to another location) is an allowable cost. This depends on the ownership and type of the impacted facility. Table 3-42 provides detailed guidance and Table 3-43 provides examples.

Table 3-42. Allowability of Costs to Rebuild a Facility Impeding an AIP Project

If the impacted facility is…	The cost to rebuild the facility in a new location is…
a. Federally-owned and is **on** airport property.	**Allowable** if the new building or piece of equipment is of equivalent type and functionality and relocation of the facility is not feasible. In this case, the cost to construct the new facility to existing construction standards is also allowable (per 49 USC § 47110(b)(1) and 49 USC § 47110(d)). If the ADO determines that the relocation of the facility is feasible, the allowable costs are limited to the relocation costs, the site preparation, and utility installation at the new location. AIP participation must not include refurbishing, enhancing or upgrading the impacted facility.
b. Neither federally or sponsor-owned and is *on* airport property.	**Not allowable.** The only costs that are allowable are the purchase of the facility at the fair market value and the demolition costs (minus salvage value). The sponsor also has the option to physically move the facility to another location on the airport as long as the relocation cost is below the fair market value purchase price. The reason that the cost to rebuild the impacted facility is not allowable is because the sponsor has control on airport development and is therefore responsible if a facility is in the way of new development.
c. Not sponsor-owned and is *off* airport property.	**Allowable.** Detailed guidance on allowable costs is provided in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects.
d. Sponsor-owned and is an AIP eligible stand-alone project.	**Allowable** if the new facility is justified in the same way as if it were a stand-alone project. In other words, if the impacted facility is eligible and justified under AIP regardless of the impacting project, it is allowable to rebuild the facility in another location to the current size justified. The ADO must follow the same funding rules for the demolition that exist for the associated development project. In addition, the cost to rebuild the facility in a new location must follow the funding rules (and any other AIP requirements) that would exist if this were a stand-alone project The ADO must also determine that there is no other reasonable way to avoid rebuilding the facility and that the sponsor is not trying to knowingly impact a facility so that AIP funds can be used to rebuild it.

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Table 3-42. Allowability of Costs to Rebuild a Facility Impeding an AIP Project

If the impacted facility is…	The cost to rebuild the facility in a new location is…
e. Sponsor-owned and required by an FAA change to design standards per 49 USC § 47110(d).	**Allowable** only if all of the following criteria are met: **(1)** The ADO determines that the relocation or replacement is required due to a change in the FAA design standards that were published after February 14, 2012. This is not a change in category or design standard for the airport due to increased traffic or other circumstances. Rather this is a change in the actual physical dimension that is required for an airport to meet FAA design standards. **(2)** The ADO determines that the change is beyond the control of the airport sponsor. **(3)** Only passenger entitlements, state apportionment and nonprimary entitlements are used. **(4)** If the facility is replaced (rather than relocated), the new facility must an equivalent type and functionality as the existing facility.
f. Sponsor-owned and is *not* an AIP eligible stand-alone project.	**Not allowable.** The demolition of the facility is the only allowable cost. This includes ineligible portions of terminals that are in the way of new terminal development.

Table 3-43. Examples of Allowability of Costs for Facilities Impeding an AIP Project

For the following impacted facility…	The following costs are allowable…
a. An FAA-owned air traffic control tower with a cab that accommodates six controller positions. The existing structure cannot be dismantled and relocated.	The costs to rebuild the cab based on the current square foot per controller standards needed to accommodate six controller positions. Even though this may result in a larger cab, this cost is allowable because the facility has to be built to the same functionality. However if the FAA Air Traffic Organization (ATO) wants to upgrade the facility above the current functionality, the ATO is allowed to pay for the increase in cost. (This combination of AIP and ATO funding is allowable.) Note that all air traffic control tower relocations must be sited through the Airport Facilities Terminal Integration Laboratory (AFTIL) based on the current version of FAA Order 6480.4, Air Traffic Control Tower Siting Process.

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Table 3-43. Examples of Allowability of Costs for Facilities Impeding an AIP Project

For the following impacted facility…	The following costs are allowable…
b. An existing FAA-owned approach lighting system equipment shelter. The ADO has determined that the shelter can be relocated. ATO wants to take the opportunity to also refurbish the interior electrical system of the shelter.	The cost to relocate the equipment shelter. ATO is responsible for any upgrades to the shelter as a separate project.
c. An existing FAA-owned VASI. ATO proposes that the ADO pay to replace the visual approach slope indicators (VASI) with a precision approach path indicator (PAPI). The ADO has determined that it *is* feasible to relocate the existing VASI.	The cost to relocate the VASI or the cost to install the new ATO-provided PAPI (up to but not exceeding the cost of the VASI relocation cost). If a new ATO-provided PAPI is installed, any cost above the VASI relocation cost (per engineering estimates) must be paid for directly by ATO. (This combination of AIP and ATO funding is allowable.) The sponsor must obtain the PAPI from ATO through a reimbursable agreement. This is because the PAPI may not be supported by ATO if the sponsor uses the normal procurement process.
d. An existing FAA-owned VASI. ATO proposes that the ADO pay to replace the visual approach slope indicators (VASI) with a precision approach path indicator (PAPI). The ADO has determined that it is *not* feasible to relocate the existing VASI.	The cost to purchase and install a new PAPI. Even though the PAPI is an upgrade, because the FAA no longer purchases and installs VASIs, a PAPI is the only option to provide equivalent functionality and is therefore allowable. The sponsor must obtain the PAPI from ATO through a reimbursable agreement. This is because the PAPI may not be supported by ATO if the sponsor uses the normal procurement process.
e. An airport administration office in the sponsor-owned terminal.	The cost to demolish the office area. The terminal is airport owned and the airport administration office is not AIP eligible, therefore rebuilding the office in a new location is not allowable.
f. A passenger holding area at a non-exclusive use gate in the sponsor-owned terminal.	The cost to demolish the passenger holding area and rebuild it in another location. The costs can include an area up to the size the ADO would consider eligible if it were a stand-alone project.

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Table 3-43. Examples of Allowability of Costs for Facilities Impeding an AIP Project

For the following impacted facility…	The following costs are allowable…
g. A sponsor-owned T-Hangar at a GA airport. The ADO has determined that the AIP project impacting the T-Hangar could be located elsewhere on the airport.	The cost to demolish the T-Hangar. Sponsor is choosing to unnecessarily impact the T-Hangar, so the cost to rebuild the T-Hangar in another location is unnecessary and is not allowable.
h. A sponsor-owned T-Hangar at a GA airport. The ADO has determined that the AIP project impacting the T-Hangar could not be located elsewhere on the airport and that the sponsor is not trying to knowingly impact the building so that AIP funds can be used to rebuild it.	The cost to demolish the T-Hangar and rebuild (or relocate) it in a new location. However, since this is a revenue producing aeronautical support facility, only non-primary entitlements can be used to rebuild the T-Hangar. In addition, the sponsor is restricted from using all but non-primary entitlements for that fiscal year as well as the next two fiscal years.
i. An ARFF building. The existing building does not meet the current construction standards for earthquake protection, nor, based on the ADOs calculations, is it big enough to address the existing 14 CFR Part 139 requirements. The ADO has also determined that there is no other reasonable way to avoid rebuilding the facility and that the sponsor is not trying to knowingly impact the building so that AIP funds can be used to rebuild it.	The costs to demolish the ARFF building, rebuild it in a new location, enlarge it to meet the 14 CFR Part 139 requirements, and bring it up to the current construction standards for earthquake protection.
j. A sponsor-owned T-Hangar at a primary airport. The ADO has determined that the only reason the T-Hangar must be relocated is due to a change in FAA design standards issued after February 14, 2012.	The cost to demolish the T-Hangar and rebuild (or relocate) it in a new location if all of the other requirements in Table 3-42 for this type of project have been met.

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3-69. Force Account Costs.

Sponsor force account work is planning, engineering, or construction work done by the sponsor's employees. These costs are only allowable if they are necessary to complete the project and have been approved by the ADO as discussed in Paragraph 3-49.

3-70. Historic Building Costs.

If a structure is being impacted as part of an eligible AIP project (including land acquisition and noise mitigation) and the structure is on (or eligible for listing on) the National Register, as

amended, the associated costs required by Section 106 of the National Historic Preservation Act of 1966 are allowable.

3-71. Hydrant Fuel Lines and Pit Costs.

The incidental cost of installing aircraft fuel lines and pits as part of an aircraft apron project is an allowable cost. Per FAA policy, the costs must be prorated to include only the portion of the lines and pits physically under the AIP funded apron project. These costs are allowable because they will reduce the need to disturb the AIP funded apron at a later date. The requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met.

3-72. Geographic Information System (GIS) Data Collection.

Surveying and data collection in support of the Airports GIS program is eligible as an allowable cost of an AIP project under any one of the three circumstances listed in Table 3-44. The Airports GIS program is part of the FAA's plan to implement GIS and related standards into all parts of the FAA.

Table 3-44. Circumstances where GIS Data Collection Costs are Allowable

Data collection costs are allowable under any of the following circumstances…
(1) Required by an AIP Funded Project or Master Plan. The scope of the data collection is directly required by a specific AIP-funded project or master planning project, and the collection of the data is required under the current version of Advisory Circular 150/5300-18, General Guidance and Specifications for Submission of Aeronautical Surveys to NGS: Field Data Collection and Geographic Information System (GIS) Standards, to complete the project.
(2) Data Collection Prior to Transition Policy Requirement Limited data collection for anything beyond the scope of the AIP-funded project, before being required to do so by the Airports Geographic Information System (Airports GIS) Transition Policy for Non·Safety Critical Projects (located on the GIS page under planning on the FAA Office of Airports Website - see Appendix B for link), may be eligible only if all of the following conditions are met: **(a)** The airport is already collecting data for a specific AIP funded project. **(b)** The ADO includes any applicable GIS special conditions in the grant in which the data collection is to be included. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations. **(c)** The extent of data collection that will be funded with AIP must be limited to the collection of data required for an electronic airport layout plan. Data collection beyond that is not allowable and the costs associated with collecting these data are not allowable. **(d)** The airport has received approval in advance of issuing the grant from ADO to collect data beyond the scope of the AIP project. In order to approve a sponsor's request, the ADO must have determined that the scope of work associated with the data collection effort to ensure that only allowable items are included for grant funding and that any proposed proration of common items is fairly prorated. The scope of work must specifically identify the proposed data collection that is beyond the needs of the safety-critical data requirements. **(e)** The ADO must initial and date a note to the file indicating that they have reviewed and concur with the scope of work and cost proration.

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Table 3-44. Circumstances where GIS Data Collection Costs are Allowable

Data collection costs are allowable under any of the following circumstances…
(3) Previous Project under the Airports GIS Pilot Program. The airport was given a grant under the Airports GIS Pilot Program and the work is part of that grant. Note that the work code PL PL GI for Airports GIS Pilot Program projects is no longer available because the pilot program has ended.

3-73. Land Acquisition Costs.

It is FAA policy that costs associated with a land acquisition (such as appraisals, legal fees, etc.) are not allowable until *after* the sponsor has submitted evidence satisfactory to the ADO that the sponsor will receive good title to land. The sponsor must submit a binding purchase agreement that will convey good title, evidence of a condemnation deposit, a condemnation award, or a court settlement. Until the sponsor meets this requirement, there is no guarantee that the land acquisition will be completed. Therefore, sponsors must not submit payment requests until these conditions are met.

Some of the common allowable land costs and their associated restrictions are listed in Table 3-45. All of these costs need to be necessary and reasonable in amount. The ADO must only fund cost allowed under 49 CFR Part 24 and may contact APP-400 for assistance.

Table 3-45. Common Allowable Land Cost and Associated Restrictions

For the following cost…	The following restrictions apply…
a. Appraisals	One appraisal of each property to be acquired is allowed unless the ADO concurs that a second full appraisal is justified. Generally a property with potential fair market value over $500,000 may require a second appraisal. Complex appraisal assignments may also require two appraisals to ensure adequate market research and analysis is secured to support appraised values. The sponsor must ensure all appraisal reports to establish the just compensation offer to the property owner are reviewed by qualified review appraiser and approved as required under 49 CFR Part 24.
b. Title Evidence	The reasonable and necessary cost of title evidence (title search and acquisition closing procedures to ensure marketable clear title to property is conveyed to the airport) is allowable. The sponsor's attorney must certify to ADO that good to title has been acquired and may rely on title insurance (title company commitment of insurance of marketable title), or title abstract or an attorney's certificate of title. Per FAA policy, AIP reimbursement of the title insurance costs must not exceed $1000 per parcel.
c. Exhibit A Update	Per FAA policy, the sponsor is required to maintain a current Exhibit A (property inventory map). The cost to update the Exhibit A is both a required and an allowable cost in a land project. An airport property map is not a substitute for an Exhibit A.

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Table 3-45. Common Allowable Land Cost and Associated Restrictions

For the following cost…	The following restrictions apply…
d. Condemnation Awards	The sponsor and their legal counsel is encouraged to appeal an unfavorable award if there is good reason that the amount of the award will be significantly reduced on appeal or retrial. The ADO may accept the cost of land or property interest established by the courts in a condemnation proceeding as a reasonable cost, even though it is above current appraised value. Reasonable attorney fees, delay interest, and acceptable incidental expenses included in a court award to land owners in a condemnation action are allowable costs. If the sponsor and their legal counsel determine that the award was excessive or unreasonable, they must evaluate whether to appeal the award.
e. Relocation Assistance Costs	Relocation assistance and eligible payment requirements are described in 49 CFR Part 24. These are required both for all FAA assisted projects and programs where acquisition or relocation is required or contemplated, and for projects to reimburse the sponsor for prior acquisition or relocation. The cost incurred by the sponsor to meet the requirements of 49 CFR Part 24 is allowable. Examples include: **(1)** Moving expenses. **(2)** Reestablishment expenses. **(3)** Replacement housing payments. **(4)** Related non-residential expenses. **(5)** Rent supplements. **(6)** Down payments. **(7)** Mortgage interest differentials or mortgage buy downs. **(8)** Incidental expenses in connection with the acquisition of replacement housing. **(9)** Advisory services. **(10)** Preparation of feasibility studies and relocation plans.
f. Appraisal (Highest and Best Use) for Acquisition of an Airport not in the NPIAS	The acquisition of a private airport by a public sponsor will normally include acquiring all of the airport property, including improvements. The appraised highest and best use of the land may either be continued airport use, or market development of the land to a more valuable land use, but not a mix of the two. The ADO must contact APP-400 for additional guidance on the appraisal requirements for the acquisition of a private owned airport.
g. Facilities on AIP Acquired Land	When land is acquired using AIP funding and there are existing facilities on the land, the ADO must determine if the cost for these facilities is allowable. Table 3-46 provides the allowability requirements the ADO must use to make these allowability determinations.

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Table 3-46. Allowability of Costs for Facilities on AIP Acquired Land

If the facility will be …	Then the cost of acquiring the facility is…
a. Demolished	**Allowable.**
b. Used for an AIP eligible purpose (such as a general aviation terminal)	**Allowable** up to the justified size or use of the AIP eligible purpose (all other project and project related funding requirements apply).
c. Demolished at a later date (not to exceed 3 years)	**Allowable.** The sponsor may use the structure for any incidental purposes it deems desirable provided it does not interfere with the purpose of the airport. However, any revenue at fair rental value received during the period between acquisition and demolition of the structure constitutes airport revenue and is to be used according to sponsor Assurances. If a decision is ultimately made not to demolish the structure, then the sponsor must reimburse the federal share of the current appraised value of the structure to the grant. The sponsor must completely reimburse this cost as soon as the decision is made, or within three years of the purchase, whichever is earlier.
d. Used for a purpose that is not AIP eligible (such as administrative offices)	**Not Allowable.**
e. Relocated from its present site	**Partially Allowable.** This cost is only allowable up to the lesser of the relocation costs or the demolition costs.

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3-74. Legal Fees and Settlement Costs (Not Associated with Land).

Legal fees and settlement costs are allowable if the ADO has determined that all of the criteria in Table 3-47 have been met. The ADO has the option to request the assistance of their regional legal counsel in making these determinations. The ADO also has the option to request the assistance of APP-400 for environmental or land related legal fees and settlement costs.

The ADO cannot find associated administrative expenses or consultant fees to be allowable if the ADO has determined that the legal fees or settlement costs are unallowable.

The ADO has the option to either implicitly concur with the legal fees and/or settlement costs by issuing the grant or make a written determination. In either case, the ADO must place the documentation used to support this determination in the project files.

Table 3-47. Requirements for Legal Fees and Settlement Costs

All of the following criteria must be met for the costs to be allowable…	
a.	The legal fees and/or settlement costs are a necessary part of the project or are needed to avoid shutdown of the project. Examples include legal costs to file the title at the courthouse, legal costs to review contracts before they are signed by the sponsor, and settlement costs required by a court finding to avoid a project being shut down.
b.	The costs are not associated with defending a specification or federal provisions. This is because the cost to defend a federal provisions or specification is not a necessary part of the project and is not needed to avoid shutdown of the project.
c.	The costs are reasonable.
d.	The costs are documented in an invoice.
e.	The costs can be paid for within the existing grant (a separate grant cannot be issued if the costs are more than the amendment limit).
f.	If the total legal fees and/or settlement costs within the grant (and any proposed amendments) will exceed $100,000, the ADO has provided their recommendation up through the regional office and APP-500 to APP-1, and APP-1 has provided written concurrence.
g.	The costs are not due to negligence on the part of the sponsor or consultant (including bidding defective plans) and the sponsor did not violate contract provisions.
h.	The sponsor has exhausted all other avenues available to pay for the costs or resolve the issue.

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3-75. Lighted X's and other Runway Closure Markings Costs.

The cost for a contractor to furnish runway closure markings during a project is an allowable cost. However, a sponsor *cannot* require the contractor to purchase lighted X's and then turn it over to the airport as part of the project. If a sponsor would like to acquire a lighted X, they must request this as a separate AIP project and justify the need to the ADO (see Appendix J).

3-76. Normally Unallowable Costs that are Necessary to Carry out the Project.

The ADO has the option of finding a normally unallowable cost allowable if the associated project cannot proceed without it. However, the ADO also has the option to require the sponsor to pay for these costs. Examples of these types of costs are included in Table 3-48. If no precedent for these costs exists, the ADO must consult APP-500.

Table 3-48. Examples of Unallowable Costs Necessary to Carry Out a Project

Some examples include …
a. Planting trees that are required as mitigation measure in an FAA approved environmental finding. Landscaping is normally an unallowable cost, but in this case it would be allowable.
b. Fire hydrant installation required to obtain a local building permit for an apron project. Otherwise, fire hydrants are not a necessary for an apron project and would not be allowable.

3-77. Project Formulation Costs.

Project formulation costs must be directly related to the project. These are costs that are normally incurred before the project starts and would not have been incurred otherwise. Table 3-49 contains some examples of project formulation costs.

Table 3-49. Examples of Project Formulation Costs

Some examples include…
a. Field surveys
b. Soil borings
c. Plans and specifications (if not a stand-alone design grant)
d. Project related airport layout plan revisions
e. Land acquisition
f. Airspace studies
g. Grant administrative expenses for the projects in the grant
h. Benefit-cost analyses
i. Safety risk management (SRM) analysis for the specific project
j. Environmental studies (if not a stand-alone environmental study grant)
k. Land appraisals and review appraisals, title examination, and relocation plans
l. Construction and equipment procurement costs such as bid advertisement

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3-78. Reimbursable Agreements with Other Federal Agencies.

The cost for reimbursable agreements between the sponsor and a federal agency is allowable if the cost is necessary for the project and the other federal agencies statutes allow this action. For instance, 49 USC § 106(l)(16) allows the FAA to enter into reimbursable agreements in order to carry out the functions of the FAA. An example of this is a reimbursable agreement between a sponsor and the FAA Air Traffic Organization (ATO) for the purpose of having the ATO relocate an FAA-owned navigational aid that is required by an AIP funded project.

3-79. Safety Management System (SMS) and Safety Risk Management (SRM) Costs.

An SMS manual and implementation plan covers a wide range of projects and operations at a specific airport. The requirements an ADO must follow to issue a grant for an SMS manual and implementation plan are contained in Appendix C.

In addition, the sponsor may be required to participate in an SRM panel for specific projects or operations. If the specific project is one that will be funded by AIP, then certain costs are potentially allowable per Table 3-50.

Table 3-50. Allowable SRM costs

The following are allowable SRM costs…
a. SRM Panel Costs. SRM panel costs are only allowable if they are specifically for the project in the grant and are required and conducted per the current version of FAA Order 5200.11, FAA Airports (ARP) Safety Management System. Allowable costs are limited to the reasonable costs of a consultant to support the SRM, including the costs to obtain a third party facilitator, prepare presentations, and provide meeting notes. The costs for airport employees, tenants, or FAA employees are not allowable because these costs are considered to be operational costs.
b. SRM Project Costs. The recommendations from an SRM panel are not automatically eligible or justified. The reason is that many SRM panel recommendations will be operational or involve work that is funded under another federal program. The ADO must review these recommendations on a case by case basis to determine if the recommendation is a project or project cost that meets the eligibility and justification requirements outlined in this Handbook. The ADO may determine that the recommendation is either a stand-alone project or is an allowable cost under another eligible and justified project.

3-80. Secondary Electrical Power Supply Costs.

The primary electrical power supply is an allowable cost for any eligible project as outlined in Paragraph 3-85. In *extremely* limited circumstances the ADO also has the option to find the cost for a secondary, or redundant, power supply allowable.

The ADO may find a secondary power supply allowable if the primary power supply for the eligible areas/facilities of the airport is extremely unreliable due to any of the reasons listed in Table 3-51.

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The secondary power supply must be in the form of an electrical service provided by a power company. Generators are not considered secondary electrical power supplies under this paragraph (generators are discussed in Appendix M).

Table 3-51. Reasons for an ADO to find a Primary Power Supply Extremely Unreliable

Reasons include…
a. An extensive, documented, history of cable cuts.
b. Extraordinary meteorological conditions.
c. An extensive, documented, record of commercial utility interruptions.

3-81. Site Preparation Costs for Ineligible Work.

a. Prorating Ineligible Site Preparation Costs. In some cases, a sponsor may determine that it is beneficial to undertake site preparation for both eligible and ineligible development through one construction contract. The sponsor cannot include this ineligible site preparation work unless the sponsor has obtained approval from the ADO in advance (see Paragraph 3-37 for the rules regarding ADO approval of contracts containing ineligible costs).

b. Funding Incidental Site Preparation Costs. There is only one situation where site preparation for ineligible facilities is allowable. This situation is when clearing, grading, grubbing, or related work for an eligible AIP project inadvertently overlaps the site preparation area for an ineligible facility. Examples are included in Table 3-52.

Table 3-52. Allowability Examples of Site Preparation for Ineligible Facilities

For the following situation…	The extra site preparation costs are…
a. A project to improve a runway safety area overlaps the grading work needed for an FAA-owned approach lighting system.	**Allowable.** This is because the sites overlap.
b. A project to build an eligible apron is adjacent to the proposed site for an exclusive use maintenance facility. The sponsor has requested minor site preparation for the maintenance facility be included in the apron project.	**Not allowable.** The sites do not overlap.

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3-82. Spare Part Costs.

FAA policy allows sponsors to acquire spare parts in very limited circumstances. The cost for spare part is allowable if the criteria in Table 3-53 can be met.

Table 3-53. Spare Part Requirements

All of the following criteria must be met…	
a.	The spare parts are for eligible airport visual aids listed in the current version of Advisory Circular 150/5340-26, Maintenance of Airport Visual Aid Facilities.
b.	The spare parts are included in the same grant that installs the airport visual aid.
c.	The cost of the spare parts does not exceed 10 percent of the total cost of the airport visual aid.
d.	The total cost for the spare parts does not exceed $10,000.
e.	The spare parts are minor components of the airport visual aid.
f.	The sponsor can replace the spare parts using their own staff.
g.	The ADO does not have reason to believe the sponsor will be unable to store or accurately account for the spare parts inventory.

3-83. Temporary Construction Costs.

If the ADO 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. Examples of allowable temporary construction are included in Table 3-54.

Temporary construction often results in pavement, facilities, or NAVAIDs that may have value to the airport once the construction is complete. The ADO has the option to concur with a sponsor's request to keep the temporary improvement in place (or relocate it to another location on the airport) However, relocation, rehabilitation, maintenance, and/or replacement of the improvement is not automatically justified for AIP funding unless the improvement would have been eligible and justified as a stand-alone project.

For items that have salvage value, such as NAVAIDs, the sponsor must follow the disposal requirements outlined in Paragraph 5-65. In addition, the ADO has the option of requiring the sponsor (normally through a special condition in the grant agreement) to transfer the item to an airport that is eligible for the item. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations.

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Table 3-54. Examples of Allowable Temporary Construction

Some examples include…	
a.	Temporary measures required to protect air and water quality.
b.	The acquisition and installation of interim non-federal NAVAIDs if the ADO determines they are necessary to provide visual or instrument capability during an extended period of time during the construction of the AIP project.
c.	The acquisition and installation of interim federal NAVAIDs if the FAA Air Traffic Organization (ATO) determines they are necessary to provide visual or instrument capability during an extended period of time during the construction of the AIP project. These costs are normally included in the reimbursable agreement between the ATO and the sponsor.
d.	Construction of a haul road to avoid runway and/or taxiway crossings.
e.	Measures to designate a taxiway as temporary runway in accordance with the current version of FAA Order 7110.19, Designation Taxiways as Temporary Runways.

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3-84. Used Equipment Costs.

The acquisition of used equipment is allowable provided it meets FAA specifications and has an acceptable useful life based on the proposed purchase price.

The GSAXcess program is an excellent source for free used equipment. The GSAXcess website and the current version of Advisory Circular 150/5150-2, Federal Surplus Personal Property for Public Airport Purposes, are good resources for a sponsor to learn more about this program.

3-85. Utility Costs.

The installation, improvement, reconstruction, or repair of water, gas, and electric (primary power supply only) is allowable to the extent the work serves eligible areas and facilities. If the utility installation will serve both eligible and ineligible areas/facilities, the allowable cost is limited to prorated share for the eligible portion. The ADO will determine the method of proration. Table 3-55 contains an example of prorated utility costs. In addition, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met.

Per FAA policy, utility projects are not eligible as stand-alone projects.

Table 3-55. Utility Costs Proration Example

For the following situation…	The allowable prorated amount would be…
a. A project to run electrical lines to a T-Hangar area also contains an ineligible office building. The T-Hangars are estimated to use 2/3 of the electrical load and the ineligible office building will use the remainder.	Two thirds of the total cost of the electrical line installation (including associated design, inspection, etc.).

3-86. Value Engineering.

The cost for value engineering is allowable if all of the sponsor requirements in Paragraph U-9 and the ADO requirements in Paragraph 3-50 are met.

Section 12. Costs Necessary (Allowable Cost Rule #1).

3-87. Requirements for Costs to be Necessary.

Per 49 USC § 47110(b)(1), the ADO must only approve costs that are directly necessary to accomplish the project. All other costs are considered unallowable.

Section 13. Costs Incurred after Grant Executed (Allowable Cost Rule #2).

3-88. Rules for Reimbursing Project Costs Prior to the Grant (or LOI) Execution Date.

Unless specifically allowed in the Act, 49 USC § 47110(b)(2) requires that all project costs must be incurred after the grant execution date. Table 3-56 list the entire set of rules regarding when project costs can be incurred in relationship the grant execution date, the type of funding, and the type of project.

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Table 3-56. Rules for Reimbursing Project Costs Prior to the Grant Execution Date

For…	The following rules apply…
a. Allowable costs using any or all of the following types of funds: • Passenger Entitlement • Cargo Entitlement • Nonprimary Entitlements	Per 49 USC § 47110(b)(2)(C), project costs must have been incurred after 9/30/1996. All allowable costs after this date may be reimbursed with these types of funds, regardless of whether they were incurred before the grant was executed as long as all other applicable AIP requirements have been met.

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Table 3-56. Rules for Reimbursing Project Costs Prior to the Grant Execution Date

For…	The following rules apply…
b. Allowable costs using any or all of the following types of funds: • Discretionary • State Apportionment (including Insular) • Alaska Supplemental	Per 49 USC § 47110(b)(2)(A), project costs must have been incurred after the grant execution date. The only exception for these three types of funding are (these exceptions are statutory and are the only exceptions allowed): **(1) 14 CFR Part 150 Projects.** Per § 47110(b)(2)(B), if the project is specifically contained in an FAA approved 14 CFR Part 150 program, all of the project costs can be reimbursed. This does not apply to schools or medical buildings unless they are approved within an FAA approved 14 CFR Part 150 program. **(2) Project Formulation (Development Projects).** Per 49 USC § 47110(c), project formulation costs must be directly related to the project. These are costs that are normally incurred before the project starts and would not have been incurred otherwise. Examples of allowable project formulation costs are included in Paragraph 3-77. Per FAA policy, only land acquisition may be reimbursed under a stand-alone grant. **(3) Project Formulation (Planning Projects)**. Per 49 USC § 47110(c), costs necessary and directly incurred in developing the work scope of a planning project can be reimbursed. **(4) Land Acquisition**. Per 49 USC § 47110(c), land acquisition is considered a project formulation cost and can therefore be reimbursed with all types of funding. The sponsor must have purchased the land after May 13, 1946. Per FAA policy, land acquisition may be reimbursed under a stand-alone grant for land acquisition. **(5) Letters of Intent**. Per 49 USC § 47110(e), all costs incurred after the LOI execution date, and only project formulation costs incurred before the LOI execution date, may also be reimbursed with any type of funding. **(6) Design-Build Projects**. The FAA believes that under 49 USC § 47142(b), the design and construction costs may be reimbursed with these types of funds if this contracting method is approved in advance by the ADO and all other applicable AIP requirements have been met. ADO approval is not a commitment of funds. Approval in advance by the ADO does not guarantee that the project will be considered or given priority for discretionary by the ADO. Therefore, the sponsor must have an alternative funding source available to fund the project without discretionary funding. **(7) Certain MAP Projects.** Per 49 USC § 47118(f)(2), the FAA has the option to use discretionary to reimburse approved MAP projects if the sponsor incurred the costs during fiscal years 2003 and 2004. **(8) Climate-Related Conditions.** In very limited circumstances, 49 USC § 47110(b)(2)(D) provides the FAA with the option to allow reimbursement for a project if the project meets all of the conditions in Table 3-57.

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Table 3-57. Limited Circumstances for Reimbursement Based on Climate-Related Conditions

The conditions that must be met for the ADO to consider reimbursement include…
(1) Construction Impacted by Climatic Conditions. The cost was incurred before execution of the grant agreement because the airport has a shortened construction season due to climactic conditions per 49 USC § 47110(b)(2)(D)(i). Per FAA policy, only projects that are negatively impacted by cold weather such as paving projects are eligible for reimbursement under this provision. Equipment, planning, and other non-construction projects are not eligible for reimbursement.
(2) Definition of Climatic Condition. Climatic conditions are measured in full month increments only. A climatic condition that shortens a construction season is the month when construction would occur has a publically published monthly average daytime air temperature in the immediate vicinity of the airport that is at or below 32 degrees Fahrenheit.
(3) Early Start is Justified. The sponsor must demonstrate that the project requires an early start in order to fit the construction schedule into the construction season by providing the length of the construction project, date by which construction must begin in order to avoid being negatively impacted by cold weather conditions. **(a)** For example, this provision would not likely be justified for a 90-day paving project where the ADO anticipates that a grant could be issued in May. **(b)** The ADO may determine that this provision is justified for a 180-day paving project and grants are not expected to be able to be issued until July.
(4) Construction Started in Same Fiscal Year. Per 49 USC § 47110(b)(2)(D), construction of the project must have been started in the same fiscal year as execution of the grant agreement. Construction done before the beginning of the fiscal year cannot be reimbursed.
(5) ADO Notification. Per 49 USC § 47110(b)(2)(D)(iii), the sponsor must notify the ADO in advance of starting the work of the sponsor's intent to request discretionary funding for this project and must provide alternate funding source information to the ADO at that time.
(6) Alternate Funding Source. Per 49 USC § 47110(b)(2)(D)(iv), the sponsor must have an alternative funding source available to fund the project. This funding source cannot include future AIP (including entitlements) since future AIP funding is never guaranteed.
(7) ADO Acceptance (and APP-500 Concurrence). Per FAA policy, the sponsor must have obtained a written acceptance from the ADO prior to the start of work. The ADO cannot issue an acceptance unless the ADO has determined that all of the above conditions have been met and the alternative funding sources are reasonable and cover the full cost of the project. The ADO must also obtain APP-500 concurrence to issue a written acceptance. The ADO's written acceptance is not a guarantee of federal funding.
(8) No Change in Project Priority. Per 49 USC § 47110(b)(2)(D)(v), the sponsor's decision to proceed with the project in advance of execution of the grant agreement does not raise the priority assigned to the project by the FAA.
(9) All Other Applicable AIP Requirements Met. Per 49 USC § 47110(b)(2)(D)(ii), all other applicable AIP requirements must be met both before and after the ADO's approval.

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Section 14. Costs Reasonable (Allowable Cost Rule #3).

3-89. Sponsor Requirements.

Per 49 CFR § 18.36(f)(1), sponsors must perform a cost or price analysis in connection with every procurement action, including contract modifications. Table 3-58 and Table 3-59 list the type of analysis that the sponsor must perform and the documents the sponsor must submit for various procurement scenarios. Paragraph U-17 contains guidance to sponsors on how to perform price and cost analyses.

Table 3-58. Sponsor Requirements for Cost Reasonableness

For the following…	The sponsor must perform a…	And the sponsor must submit…
a. Land and easement acquisition	Cost Analysis	**(1)** Appraisals and review appraisals. **(2)** A statement signed by the sponsor that the cost analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(3)** Negotiated agreements amount. **(4)** Copy of the signed negotiated agreement only if requested by the ADO. **(5)** Any other support documentation requested by the ADO.
b. Equipment acquisition and construction where there is adequate completion (2 or more bidders by sealed bids)	Price Analysis	**(1)** Engineer's estimate. **(2)** A statement signed by the sponsor that the price analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(3)** Bid tabulations. **(4)** Copy of the signed contract only if requested by the ADO. **(5)** Any other support documentation requested by the ADO.

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Table 3-58. Sponsor Requirements for Cost Reasonableness

For the following…	The sponsor must perform a…	And the sponsor must submit…
c. Equipment acquisition and construction where there is not adequate completion (one bidder, sole source, design/build, small purchase, construction manager-at-risk, etc.)	Cost Analysis	**(1)** Engineer's estimate. **(2)** A statement signed by the sponsor that the cost analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(3)** Bid tabulation (one bidder), proposal (sole source, design/build, construction manager-at-risk), or winning quote (small purchase). **(4)** Copy of the signed contract (or full set of quotes for small purchase) only if requested by the ADO. **(5)** Any other support documentation requested by the ADO.
d. Negotiated professional services (such as consultant costs)	Cost Analysis	**(1)** Independent fee estimate. **(2)** A statement signed by the sponsor that the cost analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(3)** Amount of contract. **(4)** Copy of the signed contract only if requested by the ADO. **(5)** Any other support documentation requested by the ADO.
e. Non-negotiated services (such as newspaper advertisements and rental of facilities for a public hearing)	Price Analysis	**(1)** Advertised pricing. **(2)** A statement signed by the sponsor that the price analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(3)** Quote for services (or sponsor's estimate based on advertised price). **(4)** Any other support documentation requested by the ADO.

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Table 3-58. Sponsor Requirements for Cost Reasonableness

For the following…	The sponsor must perform a…	And the sponsor must submit…
f. Non-negotiated service based on law or regulation (such as utility work by the utility company or a reimbursable agreement with the FAA Air Traffic Organization (ATO))	Price Analysis	**(1)** A statement signed by the sponsor that the price analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(2)** Quote or signed contract. **(3)** Any other support documentation requested by the ADO.
g. Sponsor force account planning, engineering or construction	Cost Analysis	**(1)** All of the documentation required in Paragraph 3-49.

Table 3-59. Sponsor Requirements for Cost Reasonableness (Contract Changes)

For the following…	The sponsor must perform a…	And the sponsor must submit…
a. Change Orders and Supplemental Agreements (to Construction and Equipment Contracts)	Cost Analysis	**(1)** Change order or supplemental agreement request from the contractor. **(2)** Justification for the change. **(3)** A statement signed by the sponsor that the cost analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(4)** Any other support documentation requested by the ADO.

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Table 3-59. Sponsor Requirements for Cost Reasonableness (Contract Changes)

For the following…	The sponsor must perform a…	And the sponsor must submit…
b. Contract Modification or Supplemental Agreements (to Negotiated Professional Service Contracts)	Cost Analysis	**(1)** Contract modification or supplemental agreement request from the consultant or company providing the service. **(2)** Justification for the change. **(3)** A statement signed by the sponsor that the cost analysis was performed that includes the sponsor's recommendation that the FAA accept the statement and analysis as evidence of cost reasonableness. **(4)** Any other support documentation requested by the ADO.

3-90. ADO Review Requirements.

In order to fund a project or make payment on a grant, 49 USC § 47110(b)(3) requires a reasonableness determination. Per FAA policy, the ADO, not the sponsor, makes the determination that the project costs are reasonable. This reasonableness determination is not an action that is covered by sponsor certification.

In order for the ADO to make a cost reasonableness determination, the ADO must review the documents submitted by the sponsor per Paragraph 3-89.

3-91. Documentation of ADO Determination.

Table 3-60 contains the documentation requirements for ADO cost reasonableness determinations. If an ADO determines that any of the costs are unreasonable, the ADO has the option to document this in writing in to the sponsor and/or the project file, however, this documentation is not mandatory.

Table 3-60. Documentation of ADO Cost Reasonableness Determinations

For…	The ADO must document its determination by…
a. Grants not based on estimates.	If the ADO finds the documentation acceptable, the ADO may issue the grant. By issuing the grant, the ADO is documenting that they have found the costs to be reasonable. In the specific instance of a state block grant that is not based on estimates, the ADO may rely on the state's signature of the grant application as documentation that the state has found all costs to be reasonable.

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Table 3-60. Documentation of ADO Cost Reasonableness Determinations

For…	The ADO must document its determination by…
b. Grants based on estimates	In the rare instance that an ADO issues a grant or part of a grant based on estimates, the ADO must make the cost reasonableness determination before the sponsor receives a grant payment for the work. In this instance, the ADO must document their cost reasonableness determination in writing and place a copy in the project file. In the specific instance of a state block grant that is based on estimates, the ADO may rely on the state's request for a grant payment for the work as documentation that the state has found all costs to be reasonable.
c. Change Orders, Supplemental Agreements, and Contract Modifications	The ADO documents its cost reasonableness determination in one of two ways: **Grant Amendment.** If the ADO issues a grant amendment, the ADO documents its determination that the costs in the associated change orders, supplemental agreements, or contract modifications are reasonable by signing the amendment. **FAA Final Project Report.** If a grant amendment is not required, the ADO documents its determination that the costs in all change orders, supplemental agreements, and contract modifications are reasonable by signing the FAA final project report. Further discussion of additional ADO responsibilities related to change orders, supplemental agreements, and contract modifications is discussed in Paragraph 5-34. In the specific instance of a state block grant, the ADO may rely on the state's grant closeout package as documentation that the state has found all costs associated with change orders, supplemental agreements, and contract modifications to be reasonable.

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Section 15. Costs Not in Another Federal Grant (Allowable Cost Rule #4).

3-92. Requirement for Costs to not be in Another Federal Grant.

Per 49 USC § 47110(b)(4), the cost must not be incurred in a project for airport development or airport planning for which other federal assistance has been granted. Per FAA policy, AIP must not be used for a project cost that has already been covered in another federal grant. In other words, the costs must not be paid for by the federal government more than once.

Section 16. Costs within Federal Share (Allowable Cost Rule #5).

3-93. Allowable Federal Share Requirement.

Per 49 USC § 47110(b)(5), the total costs allowed for the project cannot be not more than the amount stated in the grant agreement as the maximum the FAA will pay (except as allowed within the amendment rules per Chapter 5, Section 7).

Section 17. No Unreasonable Delay in Completion.

3-94. Requirement for No Unreasonable Delay in Project Completion.

Per 49 USC § 47106(a)(4), the ADO cannot issue a grant to a project if the ADO is aware of circumstances that will unreasonable delay project completion. For instance, the ADO might delay putting a project under grant if there are runway closure timing issues that have not been adequately worked out with the airlines.

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Chapter 4. What AIP funding is available?

4-1. Legislation Needed to Issue AIP Grants (Authorization/Appropriation).

49 USC § 47104(a) allows the Administrator to issue grants for airport planning and development in the United States. In order to be able to issue grants and operate the AIP grant program, the FAA normally needs both an authorization and an appropriation.

a. Authorization. The authorization is often referred to as the FAA *Bill* or *Reauthorization* and may be passed by Congress for one or more years. The authorization sets yearly limits on the AIP funding levels and gives the FAA *contract authority* to issue grants. AIP is currently operating under the FAA Modernization and Reform Act of 2012 (Public Law 112-95). Per 49 USC § 48103(a), $3,350,000,000 for each of the fiscal years 2012 through 2015 has been authorized in this bill for airport planning and airport development under 49 USC § 47104, airport noise compatibility planning under 49 USC § 47505(a)(2), and carrying out noise compatibility programs under 49 USC § 47504(c).

b. Appropriation. The appropriation is an annual budget that Congress establishes for the FAA. The appropriation allows the FAA to incur obligations and make payments for specific purposes. Congress may also use the appropriation to adjust the authorized AIP funding level from the levels set by the authorization for the current year.

4-2. Airport and Airway Trust Fund (Source of AIP).

49 USC § 48103 authorizes revenue for AIP from the Airport and Airway Trust Fund, which is commonly referred to as the Trust Fund. The Trust Fund was established under 26 USC § 9502 (Internal Revenue Code of 1986). The revenue sources of the Trust Fund can be found in Appendix W.

4-3. Categories of AIP Funding (Including Calculations and Legislative References).

Once an authorization and an appropriation are in place, the approved AIP funding is split into defined categories and types according to formulas in the Act. A detailed summary of the AIP fund categories, fund types, and associated calculation methods in Table 4-1. Table 4-2 shows the actual percentage of AIP funding by fund type in fiscal year 2011.

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Table 4-1. AIP Funds by Category, Type, and Calculation

Fund Category	Fund Type/ Legislative Reference	How Calculated if less than $3,200,000,000 in AIP is Available in the Fiscal Year	How Calculated if $3,200,000,000 or More in AIP is Available in the Fiscal Year
a. Passenger Entitlement	Passenger Entitlement 49 USC § 47114(c)(1)	$7.80 for each of the first 50,000 passenger enplanements. $5.20 for each of the next 50,000. $2.60 for each of the next 400,000. $0.65 for each of the next 500,000. $0.50 for each passenger enplanement > $1 million. The annual minimum is $650,000 and the annual maximum is $22 million per airport. Per 49 USC § 47114(f), the amount of entitlement funds for large and medium hub airports collecting a PFC are reduced based on the PFC collection level approved for the airport. If the airport is collecting at $3.00 or less, the amount of entitlements is reduced by 50%. If the airport is collecting more than $3.00, the amount of entitlements is reduced by 75%. In Hawaii, this calculation is modified based on the percent of inter-island passengers. **Special Rule for Fiscal Year 2012 and 2013:** Per 49 USC § 47114(c)(1)(E), an airport that was a primary airport in 2007, but in calendar year 2009 and/or 2010, the annual number of passenger boardings was less than 10,000; an amount equal to the amount apportioned for that airport in fiscal year 2009 may be apportioned during fiscal years 2012 and 2013.	Per 49 USC § 47114(c)(1)(C): $15.60 for each of the first 50,000 passenger enplanements. $10.40 for each of the next 50,000. $5.20 for each of the next 400,000. $1.30 for each of the next 500,000. $1 for each passenger enplanement > $1 million. The annual minimum is $1 million and the annual maximum is $26 million per airport. Per 49 USC § 47114(f), the amount of entitlement funds for large and medium hub airports collecting a PFC are reduced based on the PFC collection level approved for the airport. If the airport is collecting at $3.00 or less, the amount of entitlements is reduced by 50%. If the airport is collecting more than $3.00, the amount of entitlements is reduced by 75%. In Hawaii, this calculation is modified based on the percent of inter-island passengers. **Special Rule for Fiscal Year 2012 and 2013:** Per 49 USC § 47114(c)(1)(E), an airport that was a primary airport in 2007, but in calendar year 2009 and/or 2010, the annual number of passenger boardings was less than 10,000; an amount equal to the amount apportioned for that airport in fiscal year 2009 may be apportioned during fiscal years 2012 and 2013.

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Table 4-1. AIP Funds by Category, Type, and Calculation

Fund Category	Fund Type/ Legislative Reference	How Calculated if less than $3,200,000,000 in AIP is Available in the Fiscal Year	How Calculated if $3,200,000,000 or More in AIP is Available in the Fiscal Year
b. Cargo Entitlement	Cargo Entitlement 49 USC § 47114(c)(2)	3.5% of total AIP available for grants, divided on a pro-rata basis according to an airport's share of total US landed cargo weight. Per 49 USC § 47114(c)(2)(C), not more than 8% of the total cargo entitlements may be apportioned for any one airport.	3.5% of total AIP available for grants, divided on a pro-rata basis according to an airport's share of total US landed cargo weight.
c. State 18.5% of total AIP available for grants is used for Nonprimary Entitlements and State Apportionments (increased to 20% per 49 USC § 47114(d)(3) if the total available AIP is $3.2 billion or more)	Nonprimary Entitlement 49 USC § 47114(d)(3)	None. The exception is if, per 49 USC § 47114(d)(7), $650,000 the airport meets both of the following criteria: **(1)** Received scheduled or unscheduled air service from a large certificated air carrier (as defined in 14 CFR Part 241 or such other regulations as may be issued by the Secretary under the authority of 49 USC § 41709) in the calendar year used to calculate the apportionment. **(2)** Had more than 10,000 passenger boardings in the calendar year used to calculate the apportionment.	The lesser of $150,000 or 1/5 of an airport's 5-year development cost listed in the biennial NPIAS report to Congress. The exception is if, per 49 USC § 47114(d)(7), $650,000 the airport meets both of the following criteria: **(1)** Received scheduled or unscheduled air service from a large certificated air carrier (as defined in 14 CFR Part 241 or such other regulations as may be issued by the Secretary under the authority of 49 USC § 41709) in the calendar year used to calculate the apportionment. **(2)** Had more than 10,000 passenger boardings in the calendar year used to calculate the apportionment.

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Table 4-1. AIP Funds by Category, Type, and Calculation

Fund Category	Fund Type/ Legislative Reference	How Calculated if less than $3,200,000,000 in AIP is Available in the Fiscal Year	How Calculated if $3,200,000,000 or More in AIP is Available in the Fiscal Year
	State Apportionment (including Insular) 49 USC § 47114(d)(2)	A total of 99.34% is apportioned for airports based on an area/population formula within the 50 States, the District of Columbia, and Puerto Rico. The remaining 0.66% is apportioned for airports in the insular areas (Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).	Per 49 USC § 47114(d)(3): Of the funds remaining after deduction of the nonprimary entitlement, 99.38% is apportioned for airports based on an area/population formula within the 50 States, the District of Columbia, and Puerto Rico. The remaining 0.62% is apportioned for airports in the insular areas (Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).
d. Alaska Supplemental	Alaska Supplemental 49 USC § 47114(e)	Alaskan airports are apportioned at least as much money as they were apportioned in fiscal year 1980 under Section 15(a)(3)(A) of the Airport and Airway Development Act of 1970. This amount is $10,672,557.	Per 49 USC § 47114(e)(4), Alaskan airports are apportioned at least double as much money as they were apportioned in fiscal year 1980 under Section 15(a)(3)(A) of the Airport and Airway Development Act of 1970. This doubled amount is $21,345,114.

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Table 4-1. AIP Funds by Category, Type, and Calculation

Fund Category	Fund Type/ Legislative Reference	How Calculated if less than $3,200,000,000 in AIP is Available in the Fiscal Year	How Calculated if $3,200,000,000 or More in AIP is Available in the Fiscal Year
e. Small Airport Fund	Small Airport Fund 49 USC § 47116	The Small Airport Fund is not an actual stand-alone set-aside fund. It is merely a calculation to ensure that a required level of discretionary is used on small airports. A total of 87.5% of the amount of passenger entitlement funds reduced from large and medium hub airports (per 49 USC§ 47114(f)) is used to calculate the Small Airport Fund. The Small Airport Fund is divided by airport type as follows: 1/7 to small hub; 2/7 to general aviation and reliever airports, as well as and certain public use airports with restrictions (see Table 4-3). 4/7 to nonhub primary and non-primary commercial service.	The Small Airport Fund is not an actual stand-alone set-aside fund. It is merely a calculation to ensure that a required level of discretionary is used on small airports. A total of 87.5% of the amount of passenger entitlement funds reduced from large and medium hub airports (per 49 USC§ 47114(f)) is used to calculate the Small Airport Fund. The Small Airport Fund is divided by airport type as follows: 1/7 to small hub; 2/7 to general aviation and reliever airports, as well as and certain public use airports with restrictions (see Table 4-3). 4/7 to nonhub primary and non-primary commercial service.
f. Discretionary Remainder of AIP after above distributions	Noise and Environmental Set Aside 49 USC § 47117(e)(1)(A)	At least 35% of discretionary, but not more than $300 million.	At least 35% of discretionary, but not more than $300 million.
	MAP Set Aside 49 USC § 47117(e)(1)(B)	At least 4% of discretionary.	At least 4% of discretionary.
	Reliever Set Aside 49 USC § 47117(e)(1)(C)	None.	At least 0.66% (2/3 of 1%) of discretionary.

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Table 4-1. AIP Funds by Category, Type, and Calculation

Fund Category	Fund Type/ Legislative Reference	How Calculated if less than $3,200,000,000 in AIP is Available in the Fiscal Year	How Calculated if $3,200,000,000 or More in AIP is Available in the Fiscal Year
	Capacity/ Safety/ Security/ Noise (C/S/S/N) 49 USC § 47115(c)	75% of remainder of AIP after above distributions and set-asides. The remainder of AIP includes 12.5% of the amount of passenger entitlement funds reduced from large and medium hub airports (per 49 USC§ 47114(f).	75% of remainder of AIP after above distributions and set-asides. The remainder of AIP includes 12.5% of the amount of passenger entitlement funds reduced from large and medium hub airports (per 49 USC§ 47114(f).
	Pure Discretionary 49 USC § 47115(b)	25% of remainder of AIP after above distributions and set-asides. The remainder of AIP includes 12.5% of the amount of passenger entitlement funds reduced from large and medium hub airports (per 49 USC§ 47114(f).	25% of remainder of AIP after above distributions and set-asides. The remainder of AIP includes 12.5% of the amount of passenger entitlement funds reduced from large and medium hub airports (per 49 USC§ 47114(f).
	Discretionary from Converted Entitlements/ Apportionments 49 USC § 47117(f)	No calculation. This funding is obtained from carrying over entitlements and apportionments to the next year. This funding is not subject to the set aside calculation requirements.	No calculation. This funding is obtained from carrying over entitlements and apportionments to the next year. This funding is not subject to the set aside calculation requirements.

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Table 4-2. Fiscal Year 2011 Final Funding Breakdown by Fund Type

Fund Type	Fiscal Year 2011 Percentage
a. Passenger Entitlement	23.4%
b. Cargo Entitlement	3.5%
c. Nonprimary Entitlements	12.4%
d. State Apportionment	7.6%
e. Alaska Supplemental	0.6%
f. Noise and Environmental Set Aside	7.3%
g. MAP Set Aside	0.8%
h. Reliever Set Aside	0.2%
i. Small Airport Fund	14.2%
j. Capacity/ Safety/ Security/ Noise (C/S/S/N)	9.5%
k. Pure Discretionary	3.2%
l. Discretionary from Converted Entitlements/Apportionments	17.3%

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4-4. Types of Potential Funding by Airport Type (Including Airport Type Definitions).

As established in 49 USC § 47104, only public-use airports in the NPIAS are eligible for AIP funding. These airports are classified into various categories as shown in Table 4-3, along with the types of potential funding that an ADO can apply to these airport types.

Table 4-3. Airport Type Criteria and Potential Funding Types

Airport Type	Airport Criteria	Types of Potential Funding (See Paragraphs 4-5 and 4-6 for additional restrictions by airport and project type)
a. Large Hub	**(1) Commercial Service Airport.** Publicly owned airport that has at least 2,500 passenger boardings each calendar year and receives scheduled passenger service. Privately owned airports are not commercial service airports per 49 USC § 47102(7). **(2) Primary Airport.** More than 10,000 annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(16). **(3) Meets Large Hub Criteria.** 1% or more of annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(11).	Passenger Entitlement Discretionary Alaska Supplemental Cargo Entitlement
b. Medium Hub	**(1) Commercial Service Airport.** Publicly owned airport that has at least 2,500 passenger boardings each calendar year and receives scheduled passenger service. Privately owned airports are not commercial service airports per 49 USC § 47102(7). **(2) Primary Airport.** More than 10,000 annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(16). **(3) Meets Medium Hub Criteria.** At least 0.25%, but less than 1% or more of annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(13).	Passenger Entitlement Discretionary Alaska Supplemental Cargo Entitlement

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Table 4-3. Airport Type Criteria and Potential Funding Types

Airport Type	Airport Criteria	Types of Potential Funding (See Paragraphs 4-5 and 4-6 for additional restrictions by airport and project type)
c. Small Hub	**(1) Commercial Service Airport.** Publicly owned airport that has at least 2,500 passenger boardings each calendar year and receives scheduled passenger service. Privately owned airports are not commercial service airports per 49 USC § 47102(7). **(2) Primary Airport.** More than 10,000 annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(16). **(3) Meets Small Hub Criteria.** At least 0.05%, but less than 0.25% or more of annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(25).	Passenger Entitlement Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement
d. Nonhub Primary	**(1) Commercial Service Airport.** Publicly owned airport that has at least 2,500 passenger boardings each calendar year and receives scheduled passenger service. Privately owned airports are not commercial service airports per 49 USC § 47102(7). **(2) Primary Airport.** More than 10,000 annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(16). **(3) Meets Nonhub Criteria.** More than 10,000, but less than 0.05% or more of annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(14).	Passenger Entitlement Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement

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Table 4-3. Airport Type Criteria and Potential Funding Types

Airport Type	Airport Criteria	Types of Potential Funding (See Paragraphs 4-5 and 4-6 for additional restrictions by airport and project type)
e. Virtual Primary (Scenario 1) Per 49 USC § 47114(a)(1)(E)	**(1) Primary Airport in Last Fiscal Year.** More than 10,000 passenger boardings *two* calendar years preceding the current fiscal year **(2) Meets Non Primary Airport Criteria in Current Fiscal Year.** Less than 10,000 annual passenger boardings in the calendar year before the current fiscal year. **(3) Reason for Fall of Passenger Boardings.** APP-400 must determine that the cause of the shortfall in passenger boardings was a temporary but significant interruption in service by an air carrier to that airport due to an employment action, natural disaster, or other event unrelated to the demand for air transportation at the affected airport. **(4) Duration.** This virtual primary status is only good for one fiscal year based on the above criteria.	Passenger Entitlement Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement *Note: If APP-400 determines that the airport qualifies as a virtual primary, the current fiscal year passenger entitlement amount will be equal to entitlement amount in the preceding fiscal year.*
f. Virtual Primary (Scenario 2) Per 49 USC § 47114(a)(1)(F)	**(1) Primary Airport in Fiscal Year 2009.** More than 10,000 passenger boardings in calendar year 2007. **(2) Meets Non Primary Airport Criteria in Fiscal Years 2011 or 2012.** Less than 10,000 annual passenger boardings in either calendar year 2009 or 2010. **(3) Duration.** This virtual primary status is only good for fiscal years 2012 and 2013.	Passenger Entitlement Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement *Note: If APP-400 determines that the airport qualifies as a virtual primary, the current fiscal year passenger entitlement amount will be equal to entitlement amount in fiscal year 2009.*
g. Nonprimary Commercial Service (also referred to as Nonhub Nonprimary)	**(1) Commercial Service Airport.** Publicly owned airport that has at least 2,500 passenger boardings each calendar year and receives scheduled passenger service. Privately owned airports are not commercial service airports per 49 USC § 47102(7). **(2) Not a Primary (Nonprimary) Airport.** Less than or equal to 10,000 annual passenger boardings in the calendar year before the current fiscal year per 49 USC § 47102(16).	Nonprimary Entitlement State Apportionment Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement

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Table 4-3. Airport Type Criteria and Potential Funding Types

Airport Type	Airport Criteria	Types of Potential Funding (See Paragraphs 4-5 and 4-6 for additional restrictions by airport and project type)
h. General Aviation	**(1) Public Airport**. Per 49 USC § 47102(8), a public airport that is located within a state. Per 49 USC § 47102(21), a public airport is an airport used or intended to be used for public purposes that is under the control of a public agency where the area used or intended to be used for the landing, taking off, or surface maneuvering of aircraft is publicly owned. **(2) Not a Commercial Service Airport.** Per 49 USC § 47102(8), the airport must either have no scheduled service, or scheduled service with less than 2,500 annual passenger boardings each year.	Nonprimary Entitlement State Apportionment Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement
i. Reliever	**(1) Airport Designated as a Reliever by** the **FAA**. The criteria for the FAA to designate an airport as a reliever is as follows: **(a) Definition in Statute.** Per 49 USC § 47102(23), a reliever is an airport the Secretary designates to relieve congestion at a commercial service airport and to provide more general aviation access to the overall community **(b) How the FAA (Secretary) Designates Relievers.** Per the current version of 5090-3, Field Formulation of the National Program of Integrated Airport Systems, reliever airports must have more than 75,000 annual operations, a runway of greater than 5,000 feet, a precision instrument landing procedure, 100 based aircraft, and must relieve an airport with 20,000 hours of annual delays of commercial passenger aircraft operations.	Nonprimary Entitlement State Apportionment Small Airport Fund Discretionary Alaska Supplemental Cargo Entitlement

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Table 4-3. Airport Type Criteria and Potential Funding Types

Airport Type	Airport Criteria	Types of Potential Funding (See Paragraphs 4-5 and 4-6 for additional restrictions by airport and project type)
j. Privately-Owned, Public Use Airport with Restrictions	**(1) Public Use Airport With Restrictions.** Per 49 USC § 47102(22), a privately-owned airport used or intended to be used for public purposes that has at least 2,500 passenger boardings each year and receives scheduled passenger aircraft service. **(2) NPIAS Airport.** Designated by the FAA to be a NPIAS Airport.	Small Airport Fund Discretionary

4-5. Airports that Can Use Each Fund Type (Funding Restrictions by Airport Type).

Table 4-4 provides a comprehensive list of airport limitations by fund type.

Table 4-4. Airports that Can Use Each Fund Type

Fund Type and Legislative Reference	Public Use NPIAS Airports that Can Use this Funding
a. Passenger Entitlement 49 USC § 47114(c)(1)	**(1)** Primary and virtual primary airports. **(2)** Airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j).
b. Cargo Entitlement 49 USC § 47114(c)(2)	**(1)** Airports that have more than 1 million pounds of landed cargo weight annually. **(2)** Airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j).
c. Nonprimary Entitlement 49 USC § 47114(d)(3)	**(1)** General aviation, reliever, and nonprimary commercial service airports. **(2)** Airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j).

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Table 4-4. Airports that Can Use Each Fund Type

Fund Type and Legislative Reference	Public Use NPIAS Airports that Can Use this Funding
d. State Apportionment 49 USC § 47114(d)(2)	**(1)** General aviation, reliever, and nonprimary commercial service airports within the specific state or insular area (except for in Alaska, Hawaii and Puerto Rico, where the funds can be used on any airport type per 49 USC § 47114(d)(4)). **(2)** Primary and virtual primary airports *only* when the project is an integrated airport system planning project that encompasses one or more primary airports per 49 USC § 47114(d)(6). **(3)** Airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j).
e. Alaska Supplemental 49 USC § 47114(e)	**(1)** Airports located in Alaska.
f. Small Airport Fund 49 USC § 47116	**(1)** Small hub, nonhub, virtual primary, nonprimary commercial service, and general aviation, and reliever airports, as well as and certain public use airports with restrictions (see Table 4-3). 49 USC § 47116(c), also specifically allows an airport in block grant states to receive grants with small airport funds as if the state were not within the program.
g. Discretionary: Noise and Environmental Set Aside 49 USC § 47117(e)(1)(A)	**(1) Airports.** Any airport eligible for one of the follow projects: **(a) Airport Noise Compatibility Planning.** Airport noise compatibility planning under section 49 USC § 47505(a)(2). **(b) Noise Compatibility Program Projects.** Airport noise compatibility program projects approved by the FAA in a noise compatibility program under 49 USC § 47504(c). **(c) Noise Mitigation Projects in a Record of Decision.** Noise mitigation projects approved in an environmental record of decision for an airport development project. **(d) Compatible Land Use Planning/Projects.** Compatible land use planning and projects carried out by state and local governments under 49 USC § 47141. **(e) Americans with Disabilities Act of 1990 (ADA) Projects.** Airport development projects to comply with ADA per 49 USC § 47102(3)(F). **(f) Clean Air Act Projects.** Airport development

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Table 4-4. Airports that Can Use Each Fund Type

Fund Type and Legislative Reference	Public Use NPIAS Airports that Can Use this Funding
	projects to comply with the Clean Air Act (42 USC § 7401) per 49 USC § 47102(3)(F). **(g) Federal Water Pollution Control Act Projects.** Airport development projects to comply with the Federal Water Pollution Control Act per 49 USC § 47102(3)(F). **(h) Voluntary Airport Low Emissions (VALE) Projects.** Projects that meet the requirements of the VALE program as discussed in Chapter 6, Section 5. **(i) Certain Water Quality Mitigation Projects**. Water quality mitigation projects to comply with the Federal Water Pollution Control Act (Clean Water Act, 33 USC § 1251 et seq.), approved in an environmental record of decision for an airport development project. **(2) Non-Airport Sponsors.** Any non-airport sponsors that is eligible for one of the follow projects: **(a) Airport Noise Compatibility Planning.** Airport noise compatibility planning under section 49 USC § 47505(a)(2). **(b) Noise Compatibility Program Projects.** Airport noise compatibility program projects approved by the FAA in a noise compatibility plan under 49 USC § 47504(c). **(c) Noise Mitigation Projects in a Record of Decision.** Noise mitigation projects approved in an environmental record of decision for an airport development project. **(d) Compatible Land Use Planning/Projects.** Compatible land use planning and projects carried out by state and local governments under 49 USC § 47141. **(3) Sponsors and Airports Specifically Excluded**. Sponsors and airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j).

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Table 4-4. Airports that Can Use Each Fund Type

Fund Type and Legislative Reference	Public Use NPIAS Airports that Can Use this Funding
h. Discretionary: MAP Set Aside 49 USC § 47117(e)(1)(B)	**(1)** FAA designated Military Airport Program airports. These are former military airports closed or realigned and designated for conversion to civil or joint use. **(2)** Airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j). **(3)** Per 49 USC § 47118(h), an FAA designated safety critical airport.
i. Discretionary: Reliever Set Aside 49 USC § 47117(e)(1)(C)	**(1)** Only those reliever airports with more than 75,000 annual operations, a runway of greater than 5,000 feet, a precision instrument landing procedure, 100 based aircraft, and relieves an airport with 20,000 hours of annual delays of commercial passenger aircraft operations. **(2)** Airports in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau are excluded per 49 USC § 47115(j).
j. Discretionary: Capacity/ Safety/ Security/ Noise (C/S/S/N) 49 USC § 47115(c)	**(1)** Only primary and reliever airports.
k. Pure Discretionary 49 USC § 47115(b)	**(1)** Any public-use NPIAS airport. **(2)** Midway Island Airport during fiscal years 2012-2015 for per Section 151 of the FAA Modernization and Reform Act of 2012 (Public Law 112-95). This funding can only be issued through a reimbursable agreement between the FAA and the Secretary of the Interior and is limited to $2.5 million of pure discretionary per fiscal year.
l. Discretionary from Converted Entitlements/ Apportionments 49 USC § 47117(f)	**(1)** Any public-use NPIAS airport.

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4-6. Project Restrictions by Fund Type.

Table 4-5 provides a comprehensive list of project restrictions by fund type.

Table 4-5. Project Restrictions by Fund Type

Fund Type	Project Restrictions by Fund Type
a. Passenger Entitlement	**(1) Non-Revenue Producing Public Parking Lots.** Not allowed for any airport type except a nonhub primary airport (only if associated with a commercial service terminal building) per 49 USC § 47119(a)(2) and 49 USC § 47119(c)(1). **(2) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose).
b. Cargo Entitlement	**(1) Terminal Buildings.** Not allowed (see Paragraph N-10 for details). **(2) Non-Revenue Producing Public Parking Lots.** Not allowed (the Act does not authorize this funding for this purpose). **(3) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose). **(4) Relocation of Sponsor Owned Facilities Caused by a Change in FAA Design Standards.** Not allowed (see Paragraph 3-68 for details).
c. Nonprimary Entitlement	**(1) Non-Revenue Producing Public Parking Lots.** Not allowed for any airport types except nonprimary commercial service airports (only if associated with a commercial service terminal building) or general aviation and reliever airports (only if associated with a general aviation terminal building) per 49 USC § 47119(a)(2) and 49 USC § 47119(c)(5).
d. State Apportionment	**(1) Terminal Buildings.** Not allowed (see Paragraph N-10 for details). **(2) Non-Revenue Producing Public Parking Lots.** Not allowed (the Act does not authorize this funding for this purpose). **(3) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose).
e. Alaska Supplemental	**(1) Terminal Buildings.** Not allowed (see Paragraph N-10 for details). **(2) Non-revenue Producing Public Parking Lots.** Not allowed (the Act does not authorize this funding for this purpose). **(3) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose). **(4) Relocation of Sponsor Owned Facilities Caused by a Change in FAA Design Standards.** Not allowed (see Paragraph 3-68 for details). **(5) Contract Air Traffic Control Towers.** Not allowed.

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Table 4-5. Project Restrictions by Fund Type

Fund Type	Project Restrictions by Fund Type
f. Small Airport Fund	**(1) Terminal Buildings.** Not allowed for any airport type except in limited amounts at a nonhub primary airport (see Paragraph N-10 for details). **(2) Non-Revenue Producing Public Parking Lots.** Not allowed for any airport types except nonhub primary airports (only if associated with a commercial service terminal building) per 49 USC § 47119(a)(2) and 49 USC § 47119(c)(3). **(3) Projects without Small Airport Fund Notification.** The ADO must not use these funds on any project unless the ADO notifies the sponsor in writing that the project is being funded, all or in part, by the Small Airport Fund per 49 USC § 47116(f). **(4) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose). **(5) Relocation of Sponsor Owned Facilities Caused by a Change in FAA Design Standards.** Not allowed (see Paragraph 3-68 for details). **(6) Contract Air Traffic Control Towers.** Not allowed.
g. Noise and Environmental Set Aside	**(1) Projects that are not Noise, Air Quality, or Environmental.** The ADO must not use these funds on projects except eligible noise, air quality, and specific environmental projects. Energy efficiency studies and projects are **not** included (see Chapter 6, Section 7). Per 49 USC § 47117(e)(1)(A), the eligible projects are restricted to: **(a) Airport Noise Compatibility Planning.** Airport noise compatibility planning under section 49 USC § 47505(a)(2). **(b) Noise Compatibility Program Projects.** Airport noise compatibility program projects approved by the FAA in a noise compatibility program under 49 USC § 47504(c). **(c) Noise Mitigation Projects in a Record of Decision.** Noise mitigation projects approved in an environmental record of decision for an airport development project. **(d) Compatible Land Use Planning/Projects.** Compatible land use planning and projects carried out by state and local governments under 49 USC § 47141. **(e) Americans with Disabilities Act of 1990 (ADA) Projects.** Airport development projects to comply with ADA per 49 USC § 47102(3)(F). **(f) Clean Air Act Projects.** Airport development projects to comply with the Clean Air Act (42 USC § 7401) per 49 USC § 47102(3)(F). **(g) Federal Water Pollution Control Act Projects.** Airport development projects to comply with the Federal Water Pollution Control Act per 49 USC § 47102(3)(F). **(h) Voluntary Airport Low Emissions (VALE) Projects.** Projects that meet the requirements of the VALE program as discussed in Chapter 6, Section 5. **(i) Zero Emission Vehicle and Infrastructure Projects.** Projects that

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Table 4-5. Project Restrictions by Fund Type

Fund Type	Project Restrictions by Fund Type
	meet the requirements of this pilot program as discussed in Chapter 6, Section 6. **(j) Certain Water Quality Mitigation Projects**. Water quality mitigation projects to comply with the Federal Water Pollution Control Act (Clean Water Act, 33 USC § 1251 et seq.), approved in an environmental record of decision for an airport development project.
h. MAP Set Aside	**(1) Projects that are not approved under MAP or 49 USC § 47118(h).** The ADO must not use these funds on projects that are not approved under MAP (see Chapter 6, Section 3 for details) or as an FAA designated safety critical project under 49 USC § 47118(h) (see Paragraph 2-3 for details).
i. Reliever Set Aside	**(1) Terminal Buildings.** Not allowed (see Paragraph N-10 for details). **(2) Non-Revenue Producing Public Parking Lots.** Not allowed (the Act does not authorize this funding for this purpose). **(3) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose). **(4) Relocation of Sponsor Owned Facilities Caused by a Change in FAA Design Standards.** Not allowed (see Paragraph 3-68 for details). **(5) Contract Air Traffic Control Towers.** Not allowed.
j. Remaining Discretionary (C/S/S/N, Pure Discretionary, and Discretionary from Converted Entitlements/ Apportionments)	**(1) Terminal Buildings.** Only allowed in limited amounts at non-hub primary airports, nonprimary commercial service airports, and reliever airports and in limited circumstances where the airport has changed airport types (see Paragraph N-10 for details). **(2) Non-Revenue Producing Public Parking Lots.** Not allowed except for nonhub primary airports, nonprimary commercial service airports, and reliever airports per 49 USC § 47119(a)(2), 49 USC § 47119(c)(2), and 49 USC § 47119(c)(3). The non-revenue producing public parking lot is only allowable if it is associated with an eligible commercial service or general aviation terminal building. The same discretionary funding rules and amounts apply for non-revenue producing public parking lots as the associated terminal (see above two items that discuss discretionary rules for commercial service and general aviation terminal buildings). **(3) Revenue Producing Aeronautical Support Facilities.** Not allowed (the Act does not authorize this funding for this purpose). **(4) Relocation of Sponsor Owned Facilities Caused by a Change in FAA Design Standards.** Not allowed (see Paragraph 3-68 for details). **(5) Use on Higher Priority Projects than Entitlement Projects.** Per 49 USC § 47115(d)(2)(A), the ADO must not use these funds on projects if the sponsor's entitlements will be used on lower priority projects unless the ADO obtains prior approval from APP-520. **(6) Consideration of Project Priority.** To comply with 49 USC § 47115(d)(2)(A), the ADO, prior to selecting a project for this type of funding, must determine if the decision will impact the ability to fund other

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Table 4-5. Project Restrictions by Fund Type

Fund Type	Project Restrictions by Fund Type
	projects with a higher national priority rating in the same fiscal year and obtain Regional office approval. **(7) Consideration of Project Execution.** To comply with 49 USC § 47115(d)(2)(B), the ADO must consider whether the sponsor can start the project in either the current fiscal year or six months after the grant is issued, whichever is later. Per FAA policy, starting the project means issuing a notice to proceed for construction projects; executing the purchase order for equipment projects; beginning design for projects that include design; or beginning planning for planning projects. **(8) Contract Air Traffic Control Towers.** Not allowed.

4-7. Fund Expiration Time Frames by Airport and Fund Type.

49 USC § 47117(b) defines how long AIP funding is available. Once AIP funds are allocated, the funds are only available for the number of fiscal years listed in Table 4-6.

Table 4-6. Expiration of AIP Funds

For the following airport type…	The following funds…	Are available for the fiscal year in which the funds are apportioned plus…
a. Small, Medium, or Large Hub Primary	Passenger Entitlement Cargo Entitlement	... two fiscal years immediately following the year in which the funds are apportioned, **or a total of three years.** *These funds continue to have a three year life even if the airport type changes after the funds have been allocated.*
b. Nonhub Primary	Passenger Entitlement Cargo Entitlement	…three fiscal years immediately following the year in which the funds are apportioned, **or a total of four years.** *These funds continue to have a four year life even if the airport type changes after the funds have been allocated.*
c. Nonprimary	Cargo Entitlement Nonprimary Entitlement	…three fiscal years immediately following the year in which the funds are apportioned, **or a total of four years.** *These funds continue to have a four year life even if the airport type changes after the funds have been allocated.*

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Table 4-6. Expiration of AIP Funds

For the following airport type…	The following funds…	Are available for the fiscal year in which the funds are apportioned plus…
d. N/A	State Apportionment (including Insular) Alaska Supplemental	…two fiscal years immediately following the year in which the funds were apportioned, **or a total of three years.** *Note that this is a correction from the previous version of the Handbook.*
e. N/A	Discretionary	…zero additional years, **or a total of one year**.

4-8. Federal Share by Airport Type (Including Exceptions).

The federal share of allowable project costs is a fixed percentage of the total project cost. The federal share by airport type, as well as the associated exceptions, is listed in Table 4-7. Table 4-8 contains the increased federal share for those states that have large amounts of public land. Unless otherwise noted in these tables, the federal share percentages are based on 49 USC § 47109.

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Table 4-7. Federal Share by Airport Type (Including Exceptions)

Airport Type	Normal Federal Share	Exceptions
a. Large Hub **b.** Medium Hub	75%	**(1) Noise Projects.** 80% for noise projects. The federal share for VALE and other non-noise related environmental projects is 75%. **(2) States with Large Amounts of Public Land.** 49 USC § 47109 increases the federal share at some airports in states with large amounts of publicly owned land. These airports and their increased federal shares are listed in Table 4-8. **(3) Insular Areas.** Airports in American Samoa, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands have a waiver of up to $200,000 of the sponsor's share per the Amendment to Subsection (d) of 48 USC § 1469a. Therefore, a grant of up to $800,000 at the 75% participation rate needs no contribution from the sponsor. **(4) Special Rule for Transition from Small to Medium Hub.** The federal share for a medium hub is at 90 percent for the two fiscal years following a status change from small to medium hub per 49 USC § 47109(e).

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Table 4-7. Federal Share by Airport Type (Including Exceptions)

Airport Type	Normal Federal Share	Exceptions
c. Small Hub **d.** Nonhub Primary	90%	**(1) Temporary Increase to 95%.** Section 161 of Vision 100 added a note to 49 USC § 47109 to temporarily increase the federal share of allowable project costs from 90 percent to 95 percent for Fiscal Years 2004-2007. Although scheduled to sunset at the end of Fiscal Year 2007, Congress extended this temporary increase from Fiscal Years 2008-2011. The FAA Modernization and Reform Act of 2012 did not extend this temporary provision, and the federal share reverted back to 90% except as listed below. **(2) States with Large Amounts of Public Land.** 49 USC § 47109 increases the federal share at some airports in states with large amounts of publicly owned land. These airports and their increased federal shares are listed in Table 4-8. **(3) Economically Distressed Areas.** Per 49 USC § 47109(f), the federal share for smaller airports (those that are not large or medium hubs) who are both receiving Essential Air Service (EAS) and are located in economically distressed areas (EDA) is 95%. APP-500 will obtain a list of the EAS airports from the DOT office administering the EAS program. APP-500 will use the EDA data published by the Federal Highway Administration to determine which EAS airports are in EDAs. APP-500 will publish the list of airports that meet these criteria at the beginning of each fiscal year and will not make mid-year changes based on new EAS or EDA data. **(4) Innovative Finance Grants**. A grants issued under the innovative finance demonstration program per 49 USC § 47135 may have a flexible federal shares. **(5) Insular Areas**. Airports in American Samoa, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands have a waiver of up to $200,000 of the sponsor's share per the Amendment to Subsection (d) of 48 USC § 1469a. Therefore, a grant of up to $800,000 at the 75% participation rate needs no contribution from the sponsor. **(6) Turbine Powered Aircraft.** 49 USC § 47116(d)(2) directs the FAA to give consideration to airport development projects to support operations by turbine powered aircraft if the non-federal share of the project is at least 40 percent. For these projects, the federal share must be less than 60%.

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Table 4-7. Federal Share by Airport Type (Including Exceptions)

Airport Type	Normal Federal Share	Exceptions
e. Nonprimary Commercial Service **f.** General Aviation **g.** Reliever	90%	**(1) Temporary Increase to 95%.** Section 161 of Vision 100 added a note to 49 USC § 47109 to temporarily increase the federal share of allowable project costs from 90 percent to 95 percent for Fiscal Years 2004-2007. Although scheduled to sunset at the end of Fiscal Year 2007, Congress extended this temporary increase from Fiscal Years 2008-2011. The FAA Modernization and Reform Act of 2012 did not extend this temporary provision, and the federal share reverted back to 90% except as listed below. **(2) States with Large Amounts of Public Land.** 49 USC § 47109 increases the federal share at some airports in states with large amounts of publicly owned land. These airports and their increased federal shares are listed in Table 4-8. **(3) Economically Distressed Areas.** Per 49 USC § 47109(f), the federal share for smaller airports (those that are not large or medium hubs) who are both receiving Essential Air Service (EAS) and are located in economically distressed areas (EDA) is 95%. APP-500 will obtain a list of the EAS airports from the DOT office administering the EAS program. APP-500 will use the EDA data published by the Federal Highway Administration to determine which EAS airports are in EDAs. APP-500 will publish the list of airports that meet these criteria at the beginning of each fiscal year and will not make mid-year changes based on new EAS or EDA data. **(4) State Block Grant Subgrants.** Per 49 USC § 47109(a)(2), states may issue state block grant subgrants at a different participation percentage than the associated state block grant. The subgrant participation rate must be equal or lower than the fiscal year federal percentage rate of the associated state block grant. In FY 2004 and FY 2012, the federal share for nonprimary airports changed. Per FAA policy, states must either clearly document when they are commingling funds of different federal percentages within the same subgrant or issue separate subgrants to avoid confusion. **(5) Innovative Finance Grants**. A grants issued under the innovative finance demonstration program per 49 USC § 47135 may have a flexible federal shares. **(6) Insular Areas**. Airports in American Samoa, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands have a waiver of up to $200,000 of the sponsor's share per the Amendment to Subsection (d) of 48 USC § 1469a. Therefore, a grant of up to $800,000 at the 75% participation rate needs no contribution from the sponsor.

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Table 4-7. Federal Share by Airport Type (Including Exceptions)

Airport Type	Normal Federal Share	Exceptions
h. Any airport in the private ownership pilot program per 49 USC § 47134	70%	**(1)** None.
i. Any airport in the purchase of private development rights program per 49 USC § 47138	Any percentage up to and including 90%	**(1)** None.
j. Any airport in the zero emission airport vehicle and infrastructure pilot program per 49 USC § 47136a(d)	50%	**(1)** None.

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Table 4-8. States with Increased Federal Shares*

State	Specific Airport That Must Remain at 75%	Airports with a normal federal share of 75%	Airports with a normal federal share temporarily increased to 95% by Vision 100 (FY 2003-2011)	Airports with a normal federal share of 90% (small hub or nonhub commercial service airports)	Airports with a normal federal share of 90% (except for small hub and nonhub commercial service airports)
AK	---	93.75%	95.00%	93.75%	93.75%
AZ	PHX	91.06%	95.00%	91.06%	91.06%
CA	LAX, SFO	80.59%	95.00%	90.66%	90.00%
ID	---	75.00%	95.00%	93.75%	90.00%
NV	LAS	93.75%	95.00%	93.75%	93.75%
NM	---	84.29%	95.00%	93.75%	90.00%
OR	---	83.33%	95.00%	93.75%	90.00%
UT	---	90.63%	95.00%	90.94%	90.94%
WA	SEA	77.31%	95.00%	90.00%	90.00%
WY	---	75.00%	95.00%	93.75%	90.00%

*If an airport did not exist or was not public-use in 1975, there is no increase in federal share.

4-9. Transfer of Entitlement Funds between Airports.

49 USC § 47117(c) allows the ADO to transfer entitlements between airports. The intention of this statutory provision is to permit a sponsor to share its unused entitlements with another airport so that the funds do not expire or get carried over to future years. The conditions and required agreements for these transfers are outlined in Table 4-9. The Act does not allow the ADO to transfer state apportionment or Alaskan supplemental between states. The Act also does not allow an ADO to transfer entitlements to a state.

This requirement does not apply to various location grants. This is because the airport still retains the rights to the entitlements per the state sponsorship agreement that is required for various location grants per Table 2-10.

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Table 4-9. Requirements to Transfer Entitlement Funds between Airports

If a sponsor wants to…	Only the following entitlements can be transferred…	If the following conditions are met…	And the following agreements are provided….
a. Transfer all or part of their entitlements between airports they own per 49 USC § 47117(c)(1).	Passenger	The airport that will receive the entitlements is in the NPIAS. The airport that will receive the entitlements is also owned by the sponsor. The sponsor requests use of the funding through the sponsor's capital improvement plan and/or a grant application.	The sponsor does not have to submit a waiver request or sign a transfer agreement. The ADO does not need to track these actions separately.
b. Waive receipt of all or part of their entitlements per 49 USC § 47117(c)(2).	Passenger Cargo Nonprimary	The airport that will receive the entitlements is in the NPIAS. The airport that will receive the entitlements must be in the same state or geographical area. In this case, geographical area means the same or an adjacent Standard Metropolitan Statistical Area. The sponsor must make a written request to the ADO.	The ADO must prepare the Agreement for Transfer of Entitlements (FAA Form 5100-110) included in Appendix V, and the ADO, sponsor, and sponsor's attorney must execute the agreement. The agreement must only specify entitlements of one airport. The ADO must prepare separate agreements if entitlements are being transferred from more than one airport. *Note: The sponsor receiving the transferred entitlements does not incur grant assurances until the sponsor signs a grant that contains the transferred entitlements. The sponsor waiving receipt of the transferred entitlements is not tied to the grant assurances associated with this transferred entitlement.*
c. Waive receipt of all or part of their entitlements and request they be used at another airport per 49 USC § 47117(c)(2).	Passenger Cargo Nonprimary	The airport that will receive the entitlements is in the NPIAS. The airport that will receive the entitlements must be in the same state or geographical area. In this case, geographical area means the same or an adjacent Standard Metropolitan Statistical Area. The sponsor must make a	The ADO must prepare the Agreement for Transfer of Entitlements included in Appendix V, and the ADO, the sponsor, and sponsor's attorney must execute the agreement. The agreement must only specify entitlements of one airport. The sponsor waiving funds and the sponsor receiving funds have the option to make separate

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Table 4-9. Requirements to Transfer Entitlement Funds between Airports

If a sponsor wants to…	Only the following entitlements can be transferred…	If the following conditions are met…	And the following agreements are provided….
		written request to the ADO. The ADO must have concurred with transferring the entitlements to the airport the sponsor has requested. This is because the ADO, not the sponsor, has the decision authority regarding which airport will receive the transferred funds. If the ADO objects to the airport requested by the sponsor, the ADO will inform the sponsor and give the sponsor the option of withdrawing the waiver request. The sponsor is not selling, trading or bartering away their entitlement since this may be construed as using federal funds in an inappropriate manner. In other words, a sponsor may not trade its entitlements for money or property that would not be eligible under AIP.	agreements concerning the transfer. This agreement is between the two sponsors. The sponsors and/or their attorneys are responsible for ensuring the legality of the agreement. The FAA is not a party to the agreement, is not required to obtain the agreement, and is not responsible for enforcing the conditions of the agreement. *Note: The sponsor receiving the transferred entitlements does not incur grant assurances until the sponsor signs a grant that contains the transferred entitlements. The sponsor waiving receipt of the transferred entitlements is not tied to the grant assurances associated with this transferred entitlement.*

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4-10. Use of Donations (or Previously Acquired Land) as the Sponsor Share.

Per Paragraph 12 in Appendix B of OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, the ADO has the option of allowing a sponsor to use donated items or a credit for previously acquired land as a portion or for the entire sponsor share in a grant. The ADO must use the following four tables in Table 4-10 to determine if and/or how to offset the sponsor share in a grant.

Table 4-10. Summary of Tables Containing Requirements for using Donations for the Sponsor's Share

The following table…	Contains the following requirements…
Table 4-11.	General requirements.
Table 4-12.	Value requirements.
Table 4-13.	Offset process.
Table 4-14.	Offset examples.

Table 4-11. General Requirements for Offsetting the Sponsor Share of a Grant

For the following items…	The following general requirements apply…
a. Land Donated to the Sponsor	**(1)** The land must be AIP eligible, but does not have to be required for the project. **(2)** The ADO must have concurred with the value of land. The ADO has the option to either implicitly concur with the value by issuing the grant or make a written determination. In either case, the ADO must place the documentation used to support this value in the project files. **(3)** The sponsor must provide information documenting when the donation or acquisition was or will be made. **(4)** The sponsor must provide a copy of any agreements between the donor and the sponsor and document to the ADO that the donor has/will not receive an exclusive benefit or consideration as a result of the transaction. **(5)** The sponsor must provide the identity of the donor and outline the relationship between the sponsor and the donor. **(6)** The sponsor must document to the ADO that there are no reversion clauses tied to the donation other than reversion back to the donor if and when the land is no longer needed for airport purposes. **(7)** The sponsor must document to the ADO that the donor was not acting as an agent for the sponsor and is not a government or quasi-government entity in the same state as the sponsor. **(8)** The sponsor must add the donated land and document the value that has been credited toward the sponsor share on the Exhibit A. **(9)** The sponsor is bound to Assurance 31 for the donated land.
b. Land Previously Acquired by the Sponsor	**(1)** The land must be AIP eligible, but does not have to be required for the project. **(2)** The sponsor must document to the ADO that the requirements in Appendix Q have been met.

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Table 4-11. General Requirements for Offsetting the Sponsor Share of a Grant

For the following items…	The following general requirements apply…
	(3) The ADO must have concurred with the value of land. The ADO has the option to either implicitly concur with the value by issuing the grant or make a written determination. In either case, the ADO must place the documentation used to support this value in the project files. **(4)** The sponsor must document the value of the land that has been credited toward the sponsor share on the Exhibit A. **(5)** The sponsor is bound to Assurance 31 for the previously acquired land.
c. Labor, Materials, Equipment and Services Donated *to the Sponsor*	**(1)** The ADO must determine that the labor, materials, and/or equipment costs are allowable and necessary project costs that would have normally been included in the grant. **(2)** The sponsor must request the use of the donated labor, materials, and/or equipment costs in writing, and the ADO must have approved the request and the value of the donated items *in advance of the grant offer*. The ADO must use the sponsor force account requirements provided in Paragraph 3-49 in making this determination. When applying the requirement in Paragraph 3-49, the ADO must simply substitute all references to *the sponsor's* labor, materials, equipment, or services with *the donated* labor, materials, equipment, or services. **(3)** The sponsor must provide a copy of any agreements between the donor and the sponsor and document to the ADO that the donor has/will not receive an exclusive benefit or consideration as a result of the transaction. This includes the benefit of the donor avoiding costs they would have normally incurred (for instance, if donor donates excess fill to avoid paying for disposal of the fill). **(4)** The sponsor must provide the identity of the donor and outline the relationship between the sponsor and the donor. **(5)** The sponsor must document to the ADO that there are no reversion clauses tied to the donation of equipment or materials. **(6)** The sponsor must document to the ADO that the donor was not acting as an agent for the sponsor and is not a government or quasi-government entity in the same state as the sponsor.
d. Labor, Materials and Supplies, Equipment, and Services Donated *by the Sponsor*	**(1)** A sponsor cannot use sponsor furnished materials, equipment or the services of sponsor employees against the sponsor's share per Attachment B of OMB A-87. The ADO does have the option of approving these costs as force account work if all of the requirements for force account work in Paragraph 3-49 are met. Note that force account materials and supplies have the added requirement of needing to be procured per 49 CFR § 18.

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Table 4-12. Value of Items Used to Offset the Sponsor Share

For the following items…	The ADO must determine the value as follows…
a. Land Donated to the Sponsor	**(1)** The ADO must use the fair market value of the land at the time it was donated. **(2)** The ADO must only include cost allowed under Appendix Q. **(3)** If the value of the land exceeds the amount needed to cover the sponsor share, ADO has the option to allow the sponsor to use the unused value for the sponsor share on future grants.
b. Land Previously Acquired by the Sponsor	**(1)** For a public sponsor, the ADO must use the fair market value of the land at the time of purchase, not the current fair market value. **(2)** For a sponsor of a privately-owned airport, 49 USC § 47109(d) requires that the ADO use the current fair market value of the land at the time of the project. **(3)** The ADO must only include cost allowed under Appendix Q. **(4)** If the value of the land exceeds the amount needed to cover the sponsor share, ADO has the option to allow the sponsor to use the unused value for the sponsor share on future grants.
c. Labor, Materials, Equipment and Services Donated to the Sponsor	**(1)** The ADO must use the current fair market value of the donated labor, materials, equipment, and services at the time they are donated. **(2)** The ADO must determine the current market value of the donation by following the sponsor force account requirements provided in Paragraph 3-49. When applying the requirement in Paragraph 3-49, the ADO must simply substitute all references to *the sponsor's* labor, materials, equipment, or services with *the donated* labor, materials, equipment, or services.

Table 4-13. Process to Offset the Sponsor Share of a Grant

For the…	The following applies…
a. Donation Value (or Previously Acquired Land Value) Needed for the Grant	The ADO calculates this value using the following formula: = Project Cost x Sponsor Share % ÷ Federal Share % As the formula indicates, the calculated value is not a dollar to dollar credit against the sponsor share. If the state is participating, the sponsor share percent used above is the percent the sponsor would be paying (the non-federal share percent minus the state share percent).
b. Credit Remaining for Future Grants	The ADO calculates this using the following formula: = Land Value – Donation Value (or Previously Acquired Land Value) Applied to the Grant

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Table 4-13. Process to Offset the Sponsor Share of a Grant

For the…	The following applies…
c. Application Amount	The sponsor must use the following formula to calculate the amount they must show on the grant application: = Project Cost + Donation Value (or Previously Acquired Land Value) Applied to the Grant
d. Application Project Description	The sponsor must list the proposed project as the project to be accomplished under the grant. The sponsor must also show the previously purchased land or donated labor, materials, equipment and/or services as an item that will be used as a full or partial credit against the sponsor share.
e. Grant Amount	The ADO calculates this using the following formula: = Application Amount x Federal Share %
f. Maximum Obligation in Grant	The ADO shows the entire grant amount under the category of the project (example: $1,000,000 for airport development), not the category of the donated item.
g. Remaining Sponsor Share	The ADO calculates this using the following formula: = Application Amount – Federal Share Amount – Donation Value (or Previously Acquired Land Value)
h. Grant Description	The ADO must use the following format: ***[Insert Normal Grant Description]*** including a credit of ***$[Insert Value of Donation (or Value of Previously Acquired Land) Applied to the Grant]*** for the ***[Insert either complete or partial]*** sponsor share for the ***[Insert either complete or partial] [Insert donated if applicable]*** value of ***[Insert brief description of item being credited – include the parcel numbers for land].***

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Table 4-14. Example Calculations for Offsetting the Sponsor Share of a Grant

Examples Include…

EXAMPLE 1: Donated Land, No State Participation, Value of Land Exceeds Sponsor Share.

A general aviation sponsor has a $1,000,000 runway extension project. A local businessman donated a piece of land to the sponsor five years previously, and the appraised fair market value *at the time of donation* was $2,000,000. All other requirements for the donation have been met. The non-federal share is 5%. In this case, the state is not contributing toward the non-federal share, therefore the sponsor share is 5%.

Project Cost = $1,000,000 **Federal Share %** = 95% **Sponsor Share %** = 5%

Donation Value Needed for this Grant = Project Cost x Sponsor Share % ÷ Federal Share %

= $1,000,000 x 5% ÷ 95%

= $52,632

Donation Value Remaining for Future Grants = Land Value – Donation Value Applied to the Grant

= $2,000,000 – $52,632

= $1,947,368

Application Amount = Project Cost + Donation Value Applied to the Grant

= $1,000,000 + $52,632

= $1,052,632

Application Project Description: The sponsor must list the runway extension as the project to be accomplished under the grant, and show the land as a donated item that will be used as a credit against the sponsor share.

Grant Amount = Application Amount x Federal Share %

= $1,052,632 x 95%

= $1,000,000

Maximum Obligation in Grant = $1,000,000 for airport development (*$0 for land*)

Grant Description = Extend Runway 9/27 (150' x 1,000') including a credit of $52,632 for the complete sponsor share for the partial donation value of Parcel 48.

Participation Breakdown = The FAA contributes $1,000,000 and the sponsor *virtually* contributes $52,632 as a credit, which adds up to the $1,052,632 application amount. This allows the FAA to issue a grant for $1,000,000 to cover both the federal share of the project costs ($1,000,000 x 95% = $950,000) as well as the sponsor share ($1,000,000 x 5% = $50,000).

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Table 4-14. Example Calculations for Offsetting the Sponsor Share of a Grant

Examples Include…

EXAMPLE 2: Previously Acquired Land, State Participation, Value of Land Exceeds Sponsor Share.

A general aviation sponsor has a $1,000,000 runway extension project. The sponsor used local funds to purchase a parcel of land, and the appraised fair market value *at the time of acquisition* was $2,000,000. All other requirements for previously acquired land have been met. The non-federal share is 5%. In this case, the state is contributing 2.5% toward the non-federal share, therefore the sponsor share is 2.5%

Project Cost = $1,000,000 **Federal Share %** = 95% **Sponsor Share %** = 2.5%

Land Value Needed for this Grant = Project Cost x Sponsor Share % ÷ Federal Share %

= $1,000,000 x 2.5% ÷ 95%

= $26,316

Land Value Remaining for Future Grants = Land Value – Land Value Applied to the Grant

= $2,000,000 – $26,316

= $1,973,684

Application Amount = Project Cost + Land Value Applied to the Grant

= $1,000,000 + $26,316

= $1,026,316

Application Project Description: The sponsor must list the runway extension as the project to be accomplished under the grant, and show the previously purchased land as an item that will be used as a credit against the sponsor share.

Grant Amount = Application Amount x Federal Share %

= $1,026,316 x 95%

= $975,000

Maximum Obligation in Grant = $975,000 for airport development (*$0 for land*)

Grant Description = Extend Runway 9/27 (150' x 1,000') including a credit of $26,316 for the complete sponsor share for the partial value of Parcel 48.

Participation Breakdown = The FAA contributes $975,000, the state contributes $25,000, and the sponsor *virtually* contributes $26,316 as a credit, which adds up to the $1,026,316 application amount. This allows the FAA to issue a grant for $975,000 to cover both the federal share of the project costs ($1,000,000 x 95% = $950,000) as well as the sponsor share ($1,000,000 x 2.5% = $25,000).

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Table 4-14. Example Calculations for Offsetting the Sponsor Share of a Grant

Examples Include…
EXAMPLE 3: Donated Labor/Materials, No State Participation, Value Less than Sponsor Share A general aviation sponsor has a $1,000,000 runway extension project. A local businessman is willing to donate the sodding required for the project. The ADO approves the request and concurs with the donation value of $10,000. All other requirements for the donation have been met. The non-federal share is 5%. In this case, the state is not contributing toward the non-federal share, therefore the sponsor share is 5% **Project Cost** = $1,000,000 **Federal Share %** = 95% **Sponsor Share %** = 5% **Application Amount** = Project Cost + Donation Value = $1,000,000 + $10,000 = $1,010,000 **Application Project Description:** The sponsor must list the runway extension as the project to be accomplished under the grant, and show the donated sodding as an item that will be used as a partial credit against the sponsor share. **Grant Amount** = Application Amount x Federal Share % = $1,010,000 x 95% = $959,500 **Maximum Obligation in Grant** = $959,500 for airport development **Remaining Sponsor Share** = Application Amount – Federal Share Amount – Donation Value = $1,010,000 - $959,500 - $10,000 = $40,500 **Grant Description** = Extend Runway 9/27 (150' x 1,000') including a credit of $10,000 for the partial sponsor share for the complete donated value of required sodding. **Participation Breakdown** = The FAA contributes $959,500, the sponsor *virtually* contributes $10,000 as a credit, and the sponsor contributes $40,500 for the remaining sponsor share, which adds up to the $1,010,000 application amount. This allows the FAA to issue a grant for $959,500 to cover both the federal share of the project costs ($1,000,000 x 95% = $950,000) as well as a portion of the sponsor share ($10,000 x 95% = $9,500), leaving the sponsor to pay for the remaining $40,500 of the sponsor Share (($1,000,000 x 5%) - $9,500).

4-11. Budget Augmentation (Combining Funds between Different Federal Programs).

Each federal program is supported by appropriations, and the funding limits set out in the relevant legislation are the limits of that program. Combining federal funding is considered improper budget augmentation unless *specific authority* is contained in the legislation to do so. The Handbook calls out those rare instances where legislative authority has been granted for budget augmentation within an AIP grant. Some examples are included in Table 4-15.

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More information on the rules regarding federal budget augmentation is contained in the Government Accountability Office's (GAO) Principles of Federal Appropriations Law, Third Edition, commonly referred to as the Red Book. APP-520 is also available for further guidance.

Table 4-15. Example of Allowable Budget Augmentation

Some examples Include…
(1) Economic development agency and Appalachian regional commission grants, which have specific authority to give grants for local matching share of other federal programs.
(2) Costs for instrument landing systems to be transferred to the FAA under appropriation statutes.
(3) The incidental costs for clearing, grading and grubbing for an AIP project that may also provide site preparation for FAA facilities.

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Chapter 5. How does the grant process work?

Section 1. Basic Grant Steps.

5-1. Basic Grant Steps.

Table 5-1 captures the basic steps in the grant process as outlined in the following sections of this chapter.

Table 5-1. The Basic Steps in the Grant Process

The basic steps are…
(1) Pre-Grant Actions
(2) Grant Programming
(3) Grant Application, Offer, and Acceptance
(4) ADO Grant Oversight
(5) Grant Payment
(6) Grant Amendment
(7) Grant Closeouts
(8) Grant Suspension and/or Termination
(9) Post-Grant Actions

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Section 2. Pre-Grant Actions.

5-2. Introduction.

There are many actions that need to be taken before an AIP eligible project is ready to be considered for inclusion in a grant. Table 5-2 captures these major actions. The subsequent explanations in this section discuss which actions apply to which types of projects.

Table 5-2. The Major Pre-Grant Actions

The major actions include…
(1) Identification of Potential Projects by Sponsors and ADO.

Table 5-2. The Major Pre-Grant Actions

The major actions include…
(2) Early Coordination between ADO and Sponsor.
(3) ADO Initiation of Project Evaluation Report and Development Analysis (PERADA).
(4) ADO Verification of Sponsor Eligibility.
(5) ADO Verification that All Project Requirements will be Met.
(6) ADO Verification that Airport Layout Plan is Current.
(7) ADO Notification to New Sponsors of Flood Insurance Requirements.
(8) ADO Notification to New Sponsors of Sponsor Civil Rights Requirements.
(9) Contract Clauses and Provisions Required for AIP Grants.
(10)ADO Verification Risk Level Determination is Complete.
(11)ADO Review of Open Grant Status.
(12)ADO Verification that Competition Plan is Current.

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5-3. Identification of Potential Projects by Sponsors and ADO.

Sponsors normally develop 20-year airport development plans and often engage in other planning efforts. From these activities, the sponsor develops their capital improvement plan and submits it to the ADO. The ADO then uses this information, as well as other pertinent information available in house, to identify projects that meet the applicable requirements in Chapter 3. The ADO enters these projects into the automated AIP system as airport needs.

The FAA Office of Airports uses this data to create a five year National Plan of Integrated Airport Systems (NPIAS) Report outlining the projects that are eligible for AIP funding. The Secretary of Transportation is required to publish this plan every two years per 49 USC § 47103. The FAA Office of Airports then creates an Airports Capital Improvement Plan (ACIP) to identify the projects that may be funded with AIP over the next three years.

The inclusion of the project in the ACIP represents the FAA initial concurrence with the project. However, FAA inclusion of the project in the NPIAS or the ACIP is not a guarantee of funding, nor is the value of the project considered a final determination by the FAA.

Detailed information on the NPIAS and ACIP processes are found in the current versions of FAA Order 5100.39, Airports Capital Improvement Plan and FAA Order 5090.3, Field Formulation of the National Plan of Integrated Airport Systems.

It is extremely important that during this process the ADO discuss the projects listed in Table 5-3 with the sponsor and determine when the projects will be addressed.

Table 5-3. Important Potential Projects for ADO/Sponsor Discussion

Important projects include…
(1) Clear Runway Approaches. Per 49 USC § 47107(a)(9), the sponsor must take appropriate action to ensure that terminal airspace required to protect instrument and visual operations to the airport (including operations at established minimum flight altitudes) will be cleared and protected by mitigating existing, and preventing future, airport hazards.
(2) Compatible Land Use Issues. Per 49 USC § 47107(a)(10), the sponsor must take appropriate action (to extent reasonable) to restrict the use of land next to or near the airport to uses that are compatible with normal airport operations. For example, if there are residential uses surrounding the airport, acquisition of the properties or soundproofing the houses may be appropriate.
(3) Congressionally Mandated Items. 49 USC § 47101(f) lists items that should be given high priority by the ADO at commercial service airports to the extent possible with available money and considering other safety needs. The items on this list include: **(a)** Electronic or visual vertical guidance on each runway. **(b)** Grooving or friction treatment of each primary and secondary runway. **(c)** Distance-to-go signs for each primary and secondary runway. **(d)** A precision approach system, a vertical visual guidance system, and a full approach light system for each primary runway. **(e)** A non-precision instrument approach for each secondary runway. **(f)** Runway end identifier lights on each runway that does not have an approach light system. **(g)** A surface movement radar system at each category III airport (per FAA policy, not eligible for AIP). **(h)** A taxiway lighting and sign system. **(i)** Runway edge lighting and marking. **(j)** Radar approach coverage for each airport terminal area (per FAA policy, not eligible for AIP). **(k)** Runway and taxiway incursion prevention devices, including integrated in-pavement lighting systems for runways and taxiways (per FAA policy, may have limited eligibility).
(4) 14 CFR 139 Violations. 14 CFR Part 139 requires certificated airports to meet certain standards, including required safety and signage. The ADO is encouraged to review the latest 14 CFR Part 139 inspection report to determine if there are any AIP eligible equipment or development items that need to be addressed.

5-4. Early Coordination between ADO and Sponsor.

The ADO has the option to notify the sponsor of the favorable potential for receiving federal funding in the upcoming fiscal years. This is not a commitment nor a guarantee of funds but simply a notice that funding for the project appears favorable and that the sponsor should

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consider initiating actions that require long lead times in order to avoid delays in the grant process.

In addition, the sponsor must develop a realistic project schedule that will ensure that the grant can proceed in a timely manner. The sponsor must coordinate this schedule with the ADO upon ADO request. The schedule must set realistic sponsor deadline dates for key steps in the grant process because a sponsor's failure to complete these steps in a timely manner may seriously impact or delay project funding. Table 5-4 contains common key steps.

Table 5-4. Common Key Steps in the Grant Process

Common key steps include…
a. Submission of a benefit-cost analysis
b. Submission of environmental review documents
c. Selection of sponsor's engineer
d. Completion of final plans and specifications and engineer's report
e. Submission of airspace study
f. Submission of construction safety phasing plan
g. Completion of safety management system (SMS) coordination
h. Submission of disadvantaged business enterprise (DBE) plan
i. Completion of necessary land acquisition and relocation of displaced persons
j. Adoption of a zoning ordinance or other compatible land use measures
k. Submission of title evidence
l. Coordination with planning agencies
m. Notice of intent to use entitlement funds (to meet the deadline published in the annual Federal Register Notice)
n. Receipt of current wage rates
o. Advertisement for bids
p. Submission of Application for Federal Assistance.
q. Acceptance of grant offer
r. Award of contract

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Table 5-4. Common Key Steps in the Grant Process

Common key steps include…
s. Completion of the pre-construction conference

5-5. ADO Initiation of Project Evaluation Report and Development Analysis (PERADA).

The PERADA is an optional checklist that the ADOs may use to ensure that certain important statutory, regulatory and grant requirements listed in this Handbook have been considered prior to a grant being programmed. If the ADO's PERADA review identifies any items that are not met at the time of programming, this checklist can act as a useful tool for the ADO in following up on these items at the appropriate time during the grant process. For example, if a required airspace case was not approved prior to the ADO programming the grant, the ADO must follow up and make sure the airspace case was approved prior to the start of construction.

While it is mandatory for the ADO to review the items on the PERADA checklist, the use of the checklist itself is *not* mandatory. By issuing the grant, the ADO is confirming that all of the applicable requirements as detailed in this Handbook have or will be met.

APP-500 maintains the current PERADA checklist and instructions.

5-6. ADO Verification of Sponsor Eligibility.

The ADO must verify that all of the sponsor requirements in Chapter 2 have been met.

5-7. ADO Verification that All Project Requirements will be Met.

The ADO must verify that all of the sponsor requirements in Chapter 3 and the appropriate project requirement appendix will be met by the required time in the grant process.

5-8. ADO Verification that Airport Layout Plan is Current.

Per 49 USC § 47107(a)(16), the sponsor must maintain a current layout plan of the airport in order to receive an airport design, construction, or equipment grant as defined under 49 USC § 47102(3). The ALP that is on file with the ADO must reflect the current and proposed conditions at the airport and all proposed and existing access points used to taxi aircraft across the airports property boundary.

5-9. ADO Notification to New Sponsors of Flood Insurance Requirements.

Per the Flood Disaster Protection Act of 1973, sponsors with an airport in a Federal Emergency Management Agency (FEMA) identified area having a special flood hazard must participate in the National Flood Insurance Program.

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The ADO is responsible for advising new sponsors of this requirement and that the FEMA website (see Appendix B for link) is available for additional details. Sponsor will be certifying in the grant assurances that they comply with this requirement for acquisition and construction projects.

5-10. ADO Notification to New Sponsors of Sponsor Civil Rights Requirements.

Sponsors (including block grant states) receiving AIP funding must follow all applicable civil rights requirements in Table 5-5. Sponsors must work directly with the FAA Office of Civil Rights (ACR) to ensure that all of these requirements have been met. The ADO is responsible for advising sponsors to contact ACR to discuss these requirements.

Table 5-5. Sponsor Civil Rights Requirements

Civil rights requirements for sponsors include…
(1) Disadvantaged Business Enterprise (DBE) Program. 49 CFR Part 26, Grant Assurance #37, 49 USC § 47113. This applies only if the sponsor will be awarding prime contracts exceeding $250,000 in federal funding during a federal fiscal year. Contracts solely for the purpose of land are excluded. Block grant states must submit either a single overall goal or multiple goals that cover all of the subgrants funded during a fiscal year.
(2) Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program. 49 CFR Part 23, Grant Assurance #1, 49 USC § 47107(e).
(3) Americans with Disabilities Act (ADA), Titles II & III. Section 504 of the Rehabilitation Act of 1973, Grant Assurances #1, #30, and #34, 49 USC § 47123 and § 47107, 49 CFR Parts 27, 37, and 38, 28 CFR Parts 35 and 36.
(4) Air Carrier Access Act of 1986 (ACAA). 14 CFR Part 382.
(5) Title VI of Civil Rights Act of 1964. 42 USC § 2000d, et seq.

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5-11. ADO Verification Risk Level Determination is Complete.

Based on a DOT Office of Inspector General (OIG) audit and findings related to the FAA's administration of AIP, the FAA has implemented a risked base oversight system to minimize the risk of misuse of funds by sponsors. The FAA uses a tiered ranking system to assign a risk level to each sponsor. The risk level defines the level of oversight needed. Current detailed guidance on how to assign sponsor risk a level is maintained by APP-520.

At this point in the process, the ADO must verify that a risk level has been assigned to the sponsor and is still current. If not, it is FAA policy that the ADO must complete the original determination or redo the risk level assignment.

5-12. ADO Review of Open Grant Status.

Per FAA policy, the ADO must determine if the sponsor has any open grants older than four years or that have not had a payment request for 18 months or more. If so, the ADO must obtain the reason why and what the sponsor's plans are to address the situation.

This is because 49 USC § 47106(a)(4) requires that the sponsor carry out and complete AIP funded projects without unreasonable delay, and a history of old and/or inactive grants may be an indicator that the sponsor may not be able to comply with this requirement.

5-13. ADO Verification that Competition Plan is Current.

The ADO must verify that all required completion plans and updates are approved. The completion plan requirements are discussed in detail in Appendix X.

Section 3. Grant Programming.

5-14. Introduction.

Once the ADO has completed the pre-grant actions in the previous section, there are three major steps before the grant application can be processed.

a. Grant Programming

b. Congressional Notification

c. Sponsor Notification

5-15. Grant Programming.

Grant programming is defined as the ADO action of creating a proposed grant in the automated AIP system. At this point, the ADO may enter project into the automated AIP system based on estimates found in the sponsor's capital improvement plan or in cost estimate updates provided by the sponsor. In the past, sponsors provided these costs to the ADO in a preapplication. Formal preapplications are no longer required.

After this is done, the grant is then reviewed at various levels within the FAA Office of Airports. If the grant is approved, it is then ready to begin the congressional notification process.

5-16. Congressional Notification.

If the FAA Office of Airports approves the grant, the grant then is forwarded to the FAA Office of Government and Industry Affairs (AGI). AGI reviews the grant and forwards it electronically to the DOT Office of the Secretary (OST).

After reviewing the grant, OST notifies the appropriate congressional office that the congressional office can publicly announce the grant. The OST process varies depending on the

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type and amount of funding involved and current legislative requirements. OST electronically notifies the FAA when this process is complete (often referred to as the OST release date).

The FAA can share specific grant information with the public (including the sponsor) only *after* the OST release date is entered in the automated AIP system.

5-17. Sponsor Notification.

After the congressional notification process is complete, the FAA Office of Airports posts the grant on the FAA Office of Airports website (see Appendix B for link). This is considered the official FAA notification to the sponsor that the ADO has authority to issue a grant for the project. The ADO has the option of also directly notifying the sponsor.

Section 4. Grant Application, Offer, and Acceptance.

5-18. Introduction.

Once the sponsor has been notified that they will receive a grant, the ADO and sponsor must complete the steps listed below.

a. Grant Application Package Submittal

b. Grant Application Review

c. Funds Reservation

d. Grant Offer

e. Grant Acceptance

f. The FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) Notification

5-19. Grant Application Package Submittal.

a. Timing of Submission. Sponsors must submit a complete and correct grant application package prior to the ADO issuing a grant offer.

b. Grant Application Package Contents. Table 5-6 outlines what a sponsor must submit in a grant application package. The ADO will advise the sponsor how many original and/or copies must be submitted to the ADO.

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Table 5-6. Grant Application Contents

For the following…	The sponsor submittal requirement is…
a. Application for Federal Assistance (Standard Form 424)	**Mandatory**. Sponsors must sign and submit this form as part of all grant application packages (see Appendix V). The signed grant application is contractually referenced in the grant agreement and a signed copy must be included in the ADO grant files.
b. Application for Development Projects (Parts II through IV) (FAA Form 5100-100	**Mandatory.** FAA Form 5100-100, or its equivalent, must be submitted for all projects (see Appendix V). The term *its equivalent* is intended to allow sponsors to create their own documents that contain the exact information requested in FAA Form 5100-100, but allows them to include sponsor-specific information or data. This form provides supporting grant information such as the source of the sponsor share, detailed cost estimate, and confirmation that items such as coordination with on airport users has been accomplished. Note that Part III, Budget Information Item 18 (Contingencies) is not an allowable cost under OMB A-87. Sponsors must leave this item blank. **Optional for the State Block Grant Applications**. The ADO has the option to request this information, but states do not normally include this in a state block grant application. The state must collect this information for subgrants in accordance with their State Block Grant Program Memorandum of Agreement.
c. Application for Planning Projects (Parts II through IV) (FAA Form 5100-101)	**Mandatory for Planning Projects if FAA Form 5100-100 is not used.** For planning projects, sponsors can submit FAA Form 5100-101, or its equivalent, instead of FAA Form 5100-100 (see Appendix V). The term *its equivalent* is intended to allow sponsors to create their own documents that contain the exact information requested in FAA Form 5100-101, but allows them to include sponsor-specific information or data. **Optional for the State Block Grant Applications**. The ADO has the option to request this information, but states do not normally include this in a state block grant application. The state must collect this information for subgrants in accordance with their State Block Grant Program Memorandum of Agreement.
d. Project Narratives and Cost Estimates	**At the Request of the ADO**. Sponsors must provide an additional narrative summary statement and a project cost estimate for each project if requested by the ADO. The summary must include a description and justification for each of the projects. The project estimates must be in sufficient detail for the ADO to determine whether the project costs are reasonable. **Optional for State Block Grant Applications**. The ADO has the option to request this information (especially for discretionary projects), but states do not normally include this in a state block grant application. The state must collect this information for subgrants in accordance with their State Block Grant Program Memorandum of Agreement.

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Table 5-6. Grant Application Contents

For the following…	The sponsor submittal requirement is…
e. Project Sketches	**At the Request of the ADO**. Sponsors must provide an 8 ½" x 11" or larger sketch for each of the projects if requested by the ADO. This sketch must clearly identify the limits of the proposed project and its location on the airport. For land acquisition projects, the sketch must show the boundaries of currently owned land and the boundaries and proposed property rights of each parcel of land or easement to be acquired. **Optional for State Block Grant Applications**. The ADO has the option to request this information (especially for discretionary projects), but states do not normally include this in a state block grant application. The state must collect this information for subgrants in accordance with their State Block Grant Program Memorandum of Agreement.
f. Project Documentation Needed For ADO Reasonableness Determination	**Mandatory**. Sponsors must provide all of the documentation necessary for the ADO to make a cost reasonableness determination for the costs contained in the grant application. The sponsor and ADO requirements are discussed in detail in Section 14 of Chapter 3. It is FAA policy that a sponsor must submit the grant application incorporating actual bid or negotiated agreement amounts. The ADO has an option to accept a grant application based on estimates when actual bids or negotiated agreement amounts are not available, however this practice is suboptimal because it may unnecessarily tie up funding that could be used on other projects.
g. Exhibit A	**Mandatory (If A Current Approved Version is Not On File in the ADO).** The ADO must have a current approved Exhibit A (property inventory map) on file prior to issuing a grant at that airport because it is contractually referenced in the grant agreement. If the airport is a first time sponsor, or the Exhibit A is not up to date, the ADO must require the sponsor to submit an Exhibit A. Otherwise, the ADO may allow the sponsor to include the Exhibit A on file by reference in Part II, Section C of FAA Form 5100-100 (or equivalent). The following documents contain guidance on Exhibit A requirements: **(1)** The current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects **(2)** The current version of FAA Order 5190-6, FAA Airport Compliance Manual **(3)** The current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects **Optional for State Block Grant Applications**. The ADO has the option to request this information, but states do not normally include this in a state block grant application. The state must collect this information for subgrants in accordance with their State Block Grant Program Memorandum of Agreement.

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Table 5-6. Grant Application Contents

For the following…	The sponsor submittal requirement is…
h. Title Certificate or Long Term Lease Agreement	**At the Request of the ADO**. Sponsors must have good title for the land on which they will be constructing the project. The ADO has the option of requiring copies of the title certificates or long term lease agreement for the project files. **Optional for State Block Grant Program**. This is not required for state block grant applications. The state must collect this information for subgrants in accordance with their State Block Grant Program Memorandum of Agreement.

5-20. Grant Application Review.

The ADO must review the application and supporting documents for accuracy and completeness. The ADO may adjust the depth and intensity of the review in accordance with the complexity of the project, the amount of the grant, the size of the airport, and past experience with that sponsor. The ADO may also request that the sponsor provide any additional information needed for the ADO to complete this review. By issuing the grant offer, the ADO is officially approving the projects in the grant application.

a. Minimum Grant Amount. Per FAA policy, the ADO must not accept applications for grants totaling less than $25,000 in federal funding unless the ADO has determined that it is clearly advantageous to the federal government. The ADO documents their determination of this being clearly advantageous by issuing the grant. Note that the sponsor has the option to include multiple projects in the grant application to meet or exceed this $25,000 requirement.

b. All Pre-Grant Actions Complete. Before the ADO can issue a grant, the ADO must verify that all of the pre-grant actions in Section 2 of this chapter (verification of sponsor eligibility, current ALP, etc.) have been completed.

c. Determination of Reasonableness of Grant Amounts. Before the ADO can issue a grant, the ADO must determine that all of the applicable requirements in Chapter 3 have been met. This includes the ADO determining that the costs contained in the grant are reasonable as required in Section 14 of Chapter 3. This is an important and mandatory part of the ADO grant application review process. The ADO's reasonableness determination is not covered by sponsor certifications and the ADO cannot delegate this responsibility.

5-21. Reservation of Funds.

If the ADO finds the grant application to be in order, the ADO must reserve the funds in the automated AIP system. The system generates an electronic FAA Form 1413-1, Request for Change in Reservation/Obligation. The ADO has the option of printing a copy of this form and placing it in the grant file, however, this is not mandatory because the form is retained in the automated AIP system. This is reviewed in the system at the regional level and if approved, the

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system forwards the request to the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) for AMZ-110's acceptance. Once AMZ-110 accepts the reservation in the system, the funds are officially reserved.

Project and funding changes may be made by the ADO after the congressional notification process. Normally this is due to differences between the estimated costs and the actual bid amounts. Occasionally this occurs because the sponsor wants to change, add, or delete a project. In these instances, the ADO must ensure that this is not a substitute for proper planning or estimating. Project and funding changes after congressional notification may require APP approval or additional congressional notification as follows.

a. APP-520 Approval. The ADO must obtain APP-520 approval for the following two types of program changes to projects that have gone through congressional notification:

(1) Replacement of a Project Receiving Discretionary Funds. Replacement of a project that is receiving discretionary funding with another project.

(2) New Lower Priority Entitlement Project at an Airport Receiving Discretionary Funds. Replacement of a project that has a lower priority than a project the airport has or will receive discretionary funds in the same fiscal year. This is because discretionary distributions are based in part on how an airport is using its entitlements.

b. Additional Congressional Notification. If the grant amount is increased after congressional notification, the ADO may be required to send the grant back through the congressional notification process. APP-520 provides the criteria for sending a grant back through congressional notification process based on legislation and OST requirements.

5-22. Grant Offer.

There are multiple items that are part of a grant offer package. The ADO must include all of these items in the grant file and is only required to send some of these items to the sponsor.

a. Grant Offer Package Components. The grant offer package consists of the components listed in Table 5-7. All of these components must be filed by the ADO in the applicable grant file.

b. Items Sent to Sponsor. The grant offer sent to the sponsor must contain items a-f. The ADO also has the option of attaching any of the other components.

Table 5-7. Grant Offer Package

The following items are components of the grant offer package…
a. Grant Cover Letter
b. Grant Agreement

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Table 5-7. Grant Offer Package

The following items are components of the grant offer package…	
c.	Applicable Special Conditions (APP-520 maintains a current list of special conditions that must be used for specific project or airport situations)
d.	Grant Assurances (see Paragraph 2-4 for requirements)
e.	Sponsor Certifications
f.	Current FAA Advisory Circulars Required for Use in AIP Funded and PFC Approved Projects
g.	Applicable State Agency Agreements
h.	The Entire Grant Application (see Paragraph 5-19 for requirements)

c. Grant Cover Letter. Traditionally, the grant cover letter highlights important grant information to the sponsor. This may include when the grant needs to be returned, how many copies the ADO requires, and reference to any special conditions the ADO wants to emphasize. A sample cover letter is included in Appendix V. Per 49 USC § 47116, the ADO must include the following sentence in all grant offer letters except those for medium or large hub: *Please note that this grant offer may be funded all or in part, with funds from the Small Airport Fund.*

d. Grant Agreement. A fully signed and executed grant agreement is a binding agreement obligating the sponsor and the FAA to the terms and conditions of the grant agreement. There are three basic types of grant agreements. These are the traditional, the multi-year, and the state block grant. Table 5-8 contains general requirements that apply to all three types of grants, and Table 5-9 contains specific requirements for each of the types of agreements. Table 5-10 includes examples of grant descriptions.

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Table 5-8. Requirements for All Grant Agreement Types

The following requirements apply…	
a.	**Grant Description.** The ADO must write the grant description in sufficient detail to clearly identify and define each project (see Table 5-10 for examples).
b.	**Sample Agreements.** The ADO must use the sample grant agreement formats found in Appendix V. The ADO cannot use a new or alternative format unless it has been approved by APP-500.
c.	**Standard Conditions.** The ADO must not modify the standard grant conditions found in the grant templates. These may only be updated by APP-500.

Table 5-8. Requirements for All Grant Agreement Types

The following requirements apply…
d. Funding Level. If the grant application is based on actual bid or negotiated agreement amounts, the ADO must issue the grant based on these amounts (not the programmed amount). In addition, the ADO cannot write the grant agreement for more than what is requested in the signed grant application from the sponsor. However, the ADO can write the grant agreement for less than the grant application without requesting an updated application from the sponsor as long as the project components in the grant are included in the signed application.

Table 5-9. Specific Requirements by Grant Agreement Type

For this type of grant agreement…	The following applies…
a. Traditional	**(1) Grant Agreement Format.** The ADO must use FAA Form 5100-37, Grant Agreement (see Appendix V). **(2) Type of Funding.** The ADO must only use current year funding and funding carried over from prior years.
b. Multi-Year	**(1) Applicability.** 49 USC § 47108(a) allows the ADO to issue multi-year grants when the FAA AIP authorization is for multiple years. **(2) Grant Agreement Format.** For a multi-year grant, the ADO must begin with the traditional grant agreement. **(3) Additional Clause.** The ADO must add the following clause to the traditional grant agreement after the words Project Application: *Whereas this project will not be completed during fiscal year 20XX, and the total U.S. share of the estimated cost of completion will be $XXX,XXX.* Note that *20XX* is the current year and *$XXX,XXX* is the sum of the total multi-year amount for the initial year and all follow on years. **(4) Type of Funding.** Under this type of grant, the ADO allows the sponsor to commit the sponsor's future year entitlement funds (passenger, cargo, or nonprimary) within the grant. However, the ADO can only commit funds to a multi-year grant for years within the current program authorization. For example, the FAA Vision 100 reauthorization was in effect from fiscal year 2003 to the end of fiscal year 2007. The ADO could have written a multi-year grant written in FY 2003 that committed the sponsor's fiscal year 2003-2007 entitlements. The ADO could not have committed the sponsor's fiscal year 2008 entitlements because it was outside the authorization period. **(a) Initial Year Requirements.** The initial year of a multi-year grant must include sponsor entitlement funds (passenger, cargo, or nonprimary) and may include other types of funds such as discretionary. The initial year funding is shown as the grant amount in the initial grant (the total multi-year grant amount is captured in the additional clause discussed above). **(b) Future Year Requirements.** Only sponsor entitlement funds (passenger, cargo, or nonprimary) can be used for the future years of a multi-year grant. The avenue to add future year funds to the initial grant is the multi-year

Table 5-9. Specific Requirements by Grant Agreement Type

For this type of grant agreement…	The following applies…
	amendment (see multi-year amendments under Paragraph 5-54). **(c) Total Multi-Year Funding Amount.** The total multi-year funding amount is the sum of the initial year and future years. This amount is captured in the additional clause discussed above. **(5) Special Condition.** This type of grant requires a special condition, which the ADO can obtain from the special condition list maintained by APP-520.
c. State Block Grant	**(1) Grant Agreement Format.** The ADO must use the State Block Grant Agreement format provided in Appendix V. **(2) Type of Funding.** The ADO must only use current year funding and funding carried over from prior years. **(3) Standard Conditions.** The standard conditions are different for state block grants (these are included in the sample state block grant agreement format found in Appendix V). **(4) Number of Grants per Fiscal Year.** The ADO may write as many state block grants during a fiscal year as it deems prudent. For example, although one grant could be issued for the year, it may be beneficial to write one grant for state apportionment, one for non-primary entitlement, and one or more for specific discretionary projects. **(5) Passenger, Cargo, and Nonprimary Entitlements.** If the state block grant contains entitlements, the ADO must list the airport name, city, and associated entitlement type and amount. **(6) Discretionary Funds.** If the state block grant contains discretionary funds, the ADO must list the airport name, airport city, the discretionary funding amount, and a brief description of the project (see Table 5-10). The ADO has the option to issue these discretionary projects under a separate state block grant, which may be preferable for timing and/or tracking purposes. **(7) Special Conditions.** Special conditions are normally included by the state in the specific subgrants. However, the ADO has the option of adding special conditions to the state block grant if the ADO deems it appropriate. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations.

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Table 5-10. Examples of Grant Descriptions

For the following projects involving…	The following description information is appropriate…	And examples include…
a. Runways	**(1)** The runway number. **(2)** The length, width, and location on the runway where the work is being accomplished.	Reconstruct Runway 13/31 (9,000' x 150'). Rehabilitate Runway 10/28 between Taxiway A1 and A2 (500' x 150'). Extend Runway 9/27 (200' x 150' northeast).
b. Taxiways	**(1)** The taxiway number. **(2)** The length, width, and location on the taxiway where the work is being accomplished.	Reconstruct Taxiway A (9,000' x 75'). Rehabilitate Taxiway B between Taxiway A1 and A2 (500' x 50'). Extend Taxiway C (200' x 50' between Taxiway C and Runway 9).
c. Aprons	**(1)** The name of the apron (or reference by location). **(2)** The length, width, and location on the apron where the work is being accomplished.	Rehabilitate the General Aviation Ramp (5000 square feet). Expand the South Terminal Apron (40,000 square feet).
d. Land Acquisition	**(1)** The tract or parcel number. **(2)** The acreage. **(3)** The type of acquisition (easement, fee simple). **(4)** The purpose of the acquisition (RPZ for runway end XX, approach for runway end XX, new airport, future development). **(5)** A short description of any housing relocation.	Acquire Parcel A (40 Acres, Fee Simple) for the Runway Protection Zone of Runway 4. Acquire an easement for Parcel 54 (20.3 Acres) for approach protection for Runway 12. Acquire Parcel 84A (5 Acres, Fee Simple) Including Relocation Costs.
e. Obstruction Removal or Marking	**(1)** The object being removed. **(2)** If clearing and grubbing is being accomplished, the acreage. **(3)** The runway end on which the obstruction is located.	Remove antenna tower off Runway 4. Clear and grub Runway 18 runway protection zone (40 acres). Install obstruction lighting on Hangar 6.

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Table 5-10. Examples of Grant Descriptions

For the following projects involving…	The following description information is appropriate…	And examples include…
f. Noise Mitigation	**(1)** The type of noise mitigation (such as residential soundproofing, schools soundproofing, blast fence). **(2)** The associated noise contour, if applicable. **(3)** If known, the number of houses/schools or people/students affected.	Provide residential sound insulation (approximately 20 residences) in the DNL 70 dB. Sound insulate Roosevelt High School (230 students) in the DNL 65 dB.
g. State Block Grant (No Discretionary)	**(1)** If the ADO chooses to write the grant for a specific project or projects, the appropriate information for that project. **(2)** If the grant will not be project specific, a general statement is appropriate.	**For a project specific grants:** See above examples. **For non-project specific grants**: Various airport developments under the State Block Grant Program.

e. Special Conditions. Special conditions highlight extra steps the sponsor must take as part of accepting the grant offer and included in the actual grant document. Special conditions are tailored to the type of project, special sponsor circumstances, and/or unique situations and are binding as part of the grant agreement. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations. In addition, the ADO has the option to add additional special conditions if the ADO determines the special conditions are necessary.

f. Grant Assurances. The requirements for the grant assurances are listed in Paragraph 2-4. The grant assurances are provided in Appendix Z.

g. Sponsor Certifications. 49 USC § 47105(d) allows the ADO to require sponsors to certify that they will comply with statutory and administrative requirements in carrying out an AIP funded project. There are six certifications as shown in Table 5-11. These sponsor certifications are included in Appendix V.

Table 5-11. Summary of Sponsor Certifications

The following document…	And requires the sponsor to…
a. Selection of Consultants	Certify that they have or will properly follow key consultation selection requirements.

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Table 5-11. Summary of Sponsor Certifications

The following document…	And requires the sponsor to…
b. Project Plans and Specifications	Certify that they have or will prepare the plans and specifications in accordance with key requirements.
c. Equipment/Construction Contracts	Certify that they have or will properly follow key federal procurement requirements.
d. Real Property Acquisition	Certify that they have or will properly follow key land acquisition requirements.
e. Construction Project Final Acceptance	Certify that they have or will complete key requirements prior to final project acceptance.
f. Drug-Free Work Place	Certify that the work place will be drug-free as required under the Drug-Free Work Place Act of 1998.

(1) Sponsor Certification History. It is FAA policy that the sponsor has primary responsibility for complying with AIP requirements. The FAA made a decision in 1990 to place greater reliance for satisfying grant assurances on the sponsor through mandatory sponsor certifications, as permitted by 49 USC § 47105(d).

(2) Sponsor Certification Purpose. The grant agreement and the associated grant assurances are the official legal binding documents that obligate the sponsor to AIP policies, regulations and standards. The sponsor's certifications are an additional measure used by the ADO to focus a sponsor's attention on certain grant obligations. These certifications are intended to enhance a sponsor's knowledge and ensure their compliance with these obligations.

(3) Sponsor Certification Timing. Current FAA policy is for the ADO to attach the applicable sponsor certifications to the grant agreement. The sponsor then accepts the certifications by signing the grant agreement.

(4) FAA Sponsor Certification Responsibility. The ADO retains the responsibility of maintaining a broad overview of AIP projects and being reasonably assured that the sponsor is meeting all of its obligations. The ADO's acceptance of a sponsor certification does not limit the ADO from reviewing the appropriate documentation for the purposes of validating the certification.

(5) False Sponsor Certification. If the ADO determines that the sponsor has not adhered to the certifications, the ADO must review the associated project costs to determine if the costs are still eligible under AIP. In addition, if the sponsor knowingly makes false statements, further penalties may apply per 49 USC § 47126.

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(6) Items Specifically Not Covered by Sponsor Certification. The use of sponsor certifications is limited. Table 5-12 contains examples of federal actions that cannot be covered by sponsor certification.

Table 5-12. Examples of Actions Specifically Excluded from Sponsor Certification

Some examples of inappropriate actions for sponsor certification…
a. Review of projects for inclusion in the NPIAS.
b. Entry or deletion of airports from the NPIAS.
c. Determination of AIP eligibility or justification.
d. Review of impacts to the National Airspace System Architecture.
e. Review and approval of modifications to standards.
f. Review and approval of airspace cases.
g. Designation of instrument runways.
h. Determination of AIP project cost reasonableness.
i. Determination of Disadvantaged Business Enterprise compliance.
j. Approval of environmental studies.
k. Approval of airport layout plans.
l. Review and approval of construction safety phasing plans.
m. Review and approval of various safety determinations (such as compliance with 14 CFR Part 139 requirements and airfield safety determinations by Flight Standards).

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h. Advisory Circular List. The FAA publishes a list of certain advisory circulars that set out the applicable policies, standards, and specifications that sponsors must carry out on an AIP funded project. The ADO includes this list directly in the grant agreement, which officially incorporates it as part of the grant conditions. This list, FAA Advisory Circulars Required for use in AIP Funded and PFC Approved Projects, is available online (see Appendix B for link).

i. Applicable State Agency Agreements. Some grants must be cosigned by the state agency. In these cases, the ADO must obtain the state agency agreement with the sponsor and retain this documentation in the ADO office files.

j. The Entire Grant Application. The requirements for the grant application are listed in Paragraph 5-19.

5-23. Grant Acceptance.

If the sponsor agrees with the grant offer, the steps and requirements for the sponsor to accept the grant offer are included in Table 5-13. Once the ADO receives a copy of the executed grant, the ADO must record that the grant was signed by the sponsor in the automated AIP system. The ADO has the option of printing the FAA Form 5100-107, Airport Improvement Program Form (also called AIP Grant Status Report) generated by the automated AIP system and placing the form in the file. However, this is not mandatory because a current version of the form containing the grant history is retained in the automated AIP system.

Table 5-13. Steps and Requirements for Sponsor Grant Acceptance

The steps and requirements include…	
a.	The sponsor cannot alter the grant agreement. The grant agreement can only be changed by a grant amendment issued by the ADO.
b.	The sponsor must sign the grant in one of the two sponsor signature locations.
c.	If the sponsor's signs where a notary is required, the notary must sign and stamp (or seal) the grant at the same time. Therefore the notary date *must* be the same date as the sponsor signature date.
d.	The sponsor's attorney *must* sign the grant agreement after the sponsor. Therefore, the attorney's signature date must be *on or after* the sponsor's signature date.
e.	The sponsor must keep one original executed grant agreement for its files and send the remaining executed grant(s) back to the ADO by the date required by the ADO.

5-24. The FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) Notification.

The ADO must send the pages of the grant offer that contain the grant description, grant amount, and signatures to AMZ-110.

Section 5. ADO Grant Oversight.

5-25. ADO Oversight (and Required Grant File Documents) Based on Sponsor Risk Level.

Based on a DOT Office of Inspector General (OIG) audit and findings related to the FAA's administration of AIP, the FAA has implemented a risked base oversight system to minimize the risk of misuse of funds by sponsors. The FAA uses a tiered ranking system to assign a risk level to each sponsor. The risk level defines the level of oversight required by the ADO and lists the documentation that the ADO must retain in the grant file. Current detailed guidance on how to assign sponsor risk levels and the associated oversight requirements is maintained by APP-520.

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5-26. Statutory Requirement for ADO Project Oversight.

Under 31 USC § 6304 and § 6305 (Federal Grant and Cooperative Agreement Act of 1977) federal agencies must establish a grant program when limited involvement between the sponsor and the federal government is expected. Because AIP is a grant program, ADO involvement in an AIP project is generally limited to the oversight necessary to protect the federal interests.

In addition to the other ADO oversight requirements listed throughout this Handbook, the ADO has the following oversight requirements and options during the life of the project.

5-27. Safety Risk Management (SRM) Panels.

ADOs must participate in safety risk management panels associated with the project when it is required by a triggering action listed in the current version of FAA Order 5200.11, FAA Airports (ARP) Safety Management System. There is a separate tracking system for SRM, therefore the ADO is not required to document the ADO's participation in the grant file.

5-28. Construction Safety Phasing Plans.

The most current version of Advisory Circular 150/5370-2, Operational Safety on Airports during Construction, outlines when a sponsor is required to submit a construction safety phasing plan. The ADO must review and approve or disapprove all required construction safety phasing plans in writing. This ADO responsibility cannot be delegated and is not covered by sponsor certification.

AAS-100 maintains current guidance on ADO responsibilities for construction safety phasing plans.

5-29. Predesign, Prebid, and Preconstruction Conferences.

Sponsors have the option to hold predesign, prebid, and preconstruction as discussed in the current version of Advisory Circular 150/5300-9, Predesign, Prebid, and Preconstruction Conferences for Airport Grant Projects. The ADO has the option to participate in these conferences.

5-30. Equipment Photographs.

The ADO has the option to require a sponsor to submit a picture of the actual delivered equipment unless the sponsor's risk level makes submitting a photograph mandatory. The ADO must file any submitted photographs in the grant file.

5-31. Construction Photographs.

The ADO has the option to require a sponsor to submit pictures of the project site before, during, and/or after a construction project unless the sponsor's risk level makes submitting a photograph mandatory. The ADO must file any submitted photographs in the grant file.

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5-32. Construction Management Plans.

It is FAA policy that a sponsor must submit a construction management plan to the ADO prior to the start of construction for projects with a total pavement construction contract value over $500,000. The FAA enacted this policy to satisfy an OIG Audit on Airport Construction Materials Conformance finding. The costs included in the pavement construction contract value are limited to the costs for the total pavement structure (including subgrade, base and subbase courses, and surface course). When construction is complete, the sponsor is required to submit a summary of the test results. The ADO has the option of also requiring the sponsor to submit a disposition of any problem test results.

5-33. Notices to Proceed.

Once all contract documents have been executed, the sponsor will issue a notice to proceed to the contractor. The sponsor must send a copy of the notice to proceed to the ADO if requested by the ADO.

5-34. Change Orders, Supplemental Agreements, and Contract Modifications.

Sponsors have the option to change contracts through change orders, supplemental agreements, and contract modifications as discussed in Table 5-14.

All change orders, supplemental agreements, and contract modifications must eventually be reviewed by the ADO. This is because these actions are considered noncompetitive proposals per 49 CFR § 18.36(d)(4) (see Paragraph U-15). The notification, submittal, and determination documentation requirements vary as discussed in Table 5-15.

Unless specifically requested by the ADO, the sponsor does not have to obtain prior ADO approval for contract changes. However, if a sponsor proceeds with a contract change without FAA prior approval, it is at the sponsor's risk. The ADO review at a later date could determine that the costs in the contract change cannot be paid for under the grant. Sponsors have the option to request prior ADO review of contract changes.

The ADO cannot approve costs that the ADO has determined are due to errors and omissions in the plans and specifications that were foreseeable at the project design. In addition, the ADO must only approve costs that are directly necessary to accomplish the project.

Table 5-14. Types of Contract Changes

For the following type of contract…	The following types of contract changes are used…	And guidance is contained in the current version of…
a. Construction and equipment contracts	Change orders or supplemental agreements	The current version of Advisory Circular 150/5370-10, Standards for Specifying Construction of Airports

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Table 5-14. Types of Contract Changes

For the following type of contract…	The following types of contract changes are used…	And guidance is contained in the current version of…
b. Negotiated professional service agreements	Contract modifications or supplemental agreements	The current version of Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects

Table 5-15. Sponsor and ADO Requirements for Contract Changes

If the sponsor proposes to…	The sponsor must…	And the ADO…
a. Execute change orders, supplemental agreements, and contract modifications *with* a change in scope of the contract or an increase to the contract by *more than* the simplified acquisition threshold (per 49 CFR § 18.36(g)(2)(v)).	Conduct a cost analysis per 49 CFR § 18.36(f). Notify the ADO.	Has the option to request that the sponsor submit associated documentation. Has the option to conduct a pre-award review. Has the option, if the ADO chooses to conduct a review, to provide the sponsor with a written response containing the ADO finding and/or keep a copy available for future reference.
b. Execute change orders, supplemental agreements, and contract modifications *without* a change in scope of the contract or an increase to the contract by *less than or equal* to the simplified acquisition threshold.	Conduct a cost analysis per 49 CFR § 18.36(f). Notify the ADO *only* upon ADO request.	Has the option to request that the sponsor submit associated documentation. Has the option to conduct a pre-award review. Has the option, if the ADO chooses to conduct a review, to provide the sponsor with a written response containing the ADO finding and/or keep a copy available for future reference.
c. Request a grant amendment	Conduct a cost analysis for all change orders, supplemental agreements, and contract modifications associated with the grant and submit all of the required documentation in Paragraph 3-89 to the ADO.	Must review the project costs to ensure that *all* of the requirements in Chapter 3 have been met, including cost reasonableness. By signing the grant amendment, the ADO is documenting that the associated project costs in the amendment meet the requirements of Chapter 3.

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Table 5-15. Sponsor and ADO Requirements for Contract Changes

If the sponsor proposes to…	The sponsor must…	And the ADO…
d. Submit the grant closeout package	Conduct a cost analysis for all change orders, supplemental agreements, and contract modifications associated with the grant and submit all of the required documentation in Paragraph 3-89 to the ADO.	Must review the project costs to ensure that *all* of the requirements in Chapter 3 have been met, including cost reasonableness. By signing the FAA final project report, the ADO is documenting that the final project costs in the grant meet the requirements of Chapter 3.

5-35. Periodic Inspections.

The ADO has the option of conducting periodic inspections of the worksite.

5-36. Construction Progress and Inspection Report.

Per the current version of Advisory Circular 150/5370-6, Construction Progress and Inspection Report – Airport Improvement Program (AIP), the sponsor's engineer must complete FAA Form 5370-1, Construction Progress and Inspection Report, or the equivalent for all AIP funded construction projects. The sponsor must submit the requested reports to the ADO at least quarterly (or more frequently at the ADO's request).

5-37. Meetings for Planning and Environmental Study Grants.

Sponsors (and sometimes the ADO) are often required to hold meetings in association with planning and environmental study grants. The ADO has the option of attending these meetings unless otherwise required by an FAA order or other FAA policy. For instance, the current version of FAA Order 5050.4, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Projects, requires that the ADO not only attend required EIS meetings (not optional), but also organize and lead the meetings. The specific requirements for these meetings are discussed in the current versions of the following documents.

a. Advisory Circular 150/5070-7, The Airport System Planning Process

b. Advisory Circular 150/5070-6, Airport Master Plans

c. FAA Order 5050.4, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Projects

5-38. Forecasts in Planning or Environmental Projects.

If the grant contains planning or environmental projects that require forecasts, the sponsor is required to submit the forecast to the ADO. The ADO must approve or disapprove the forecast

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before it is used as part of the project. This ADO responsibility cannot be delegated and is not covered by sponsor certification.

5-39. Quarterly Performance Report.

49 CFR § 18.40, Monitoring and Reporting Program Performance, requires sponsors of federal grants to submit performance reports. Table 5-16 provides the quarterly performance report requirements for AIP projects by project type.

Table 5-16. Quarterly Performance Report Requirements by Project Type

For the following type of project…	The FAA policy is…
a. Non-construction	**(1)** The sponsor must submit a Quarterly Performance Report for each fiscal quarter until the associated grant for the non-construction project is closed. **(2)** The sponsor must submit each Quarterly Performance Report within 30 days of the end of the quarter. Sponsors must not submit the Quarterly Performance Reports in batches or at the end of the project. **(3)** A sample format for the Quarterly Performance Report is provided in Appendix V. At a minimum, the report must include the following items: **(a)** A comparison of proposed objectives to actual accomplishments. **(b)** Reasons for any slippage or lack of accomplishment in a given area. **(c)** Impacts on other AIP-funded projects. **(d)** Impacts to projects funded by PFC, other FAA programs, or the sponsor. **(e)** Identification and explanation of any anticipated cost overruns. **(4)** If a major project or schedule change occurs between Quarterly Performance Reports, the sponsor must submit an out of cycle Quarterly Performance Report to the ADO. **(5)** APP-520 maintains current guidance on the current ADO review requirements.
b. Construction	**(1)** The FAA has determined that sponsor submittal of FAA Form 5370-1, Construction Progress and Inspection Report satisfies the performance reporting requirement. **(2)** FAA Form 5370-1 is provided in Appendix V and discussed in more detail in the current version of Advisory Circular 150/5370-6, Construction Progress and Inspection Report – Airport Improvement Program (AIP). **(3)** The sponsor must submit FAA Form 5370-1 to the ADO at least quarterly, however, the ADO has the option to require the sponsor submit these reports on a more frequent basis. **(4)** The sponsor must submit each FAA Form 5370-1 within 30 days of the end of the quarter (not in batches or at the end of the project). **(5)** The sponsor must include the certified percentage-of-completion information on FAA Form 5370-1. If not, the ADO must require the sponsor

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Table 5-16. Quarterly Performance Report Requirements by Project Type

For the following type of project…	The FAA policy is…
	to resubmit the form with this information. **(6)** If a major project or schedule change occurs between the reporting cycles, the sponsor must submit an out of cycle FAA Form 5370-1 to the ADO. **(7)** APP-520 maintains current guidance on the current ADO review requirements.

5-40. Annual Reporting of Annual Residential Population Benefits.

The ADO must report the residents and students that benefit from noise compatibility projects. This reporting is done on a yearly basis. APP-400 maintains the current form and guidance that must be used to report these benefits.

5-41. Final Inspection.

The ADO has the option to either conduct a final inspection for construction projects or accept sponsor certification. If the ADO performs a final inspection, it is FAA policy that the ADO must include a note in the FAA final project report that the ADO performed the inspection, the date of the inspection, and the inspection results. The ADO has the option to give the sponsor and contractor representatives the opportunity to be present at the final inspection.

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Section 6. Grant Payments.

5-42. Summary of Payment Request Requirements and Limitations.

The requirements and limitations for grant payment requests are summarized in Table 5-17. These items are discussed in more detail in the following paragraphs.

Table 5-17. Grant Payment Request Requirements and Limitations

The grant payment requirements and limitations include…
a. The sponsor and ADO must process all grant payment requests through the currently approved Department of Transportation (DOT) grant payment system unless otherwise approved by the ADO.
b. The sponsor must submit payment requests at least annually unless the ADO requires more frequent payment requests.
c. The sponsor must base payment requests on costs paid by the sponsor unless the ADO approves advance payments.

Table 5-17. Grant Payment Request Requirements and Limitations

The grant payment requirements and limitations include…	
d.	Until the ADO completes the FAA final project report and completes this sponsor notification as outlined in Table 5-33, the ADO must not approve any payment requests for the last 10% of the federal share of the grant (or the last 10% of the estimated federal share of the grant after amendment, whichever is less). The ADO has the option of excluding a state block grant from this requirement only if the state is following this requirement for all of the subgrants within the state block grant and the ADO is confident that the state will submit the state block grant closeout documentation in a timely manner.
e.	The ADO is allowed to determine the timing and amount of the payment and may reduce or withhold the payment if the ADO follows the applicable requirements.
f.	The sponsor must stay within the contract retainage limitations.
g.	The sponsor must stay within the disputed cost limitations.
h.	The sponsor must stay within the land acquisition limitations.
i.	The sponsor must not request a payment that is improper.
j.	The sponsor must document their payment requests on a quarterly basis on Standard Form 425, Federal Financial Report (see Appendix V.) or equivalent. APP-520 maintains current guidance on the current ADO review requirements for the Standard Form 425.
k.	The sponsor must maintain all of the documentation supporting the grant payment for the required time period and must make this information available upon request.

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5-43. Requirements and Process for Using the Current DOT Electronic Payment System.

a. Sponsor Payment Requests. Sponsors must submit all grant payment requests and related supporting documentation electronically through the currently approved Department of Transportation grant payment system. The ADO has the option to allow a sponsor to submit a paper payment requests if the sponsor is unable to request payments electronically. The ADO should make these exceptions on a very limited basis. Current detailed guidance on how sponsors are to use the electronic system is maintained by the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110).

b. ADO Payment Approval. The sponsor's risk level determines the level of payment review required by the ADO within the currently approved DOT grant payment system. Current detailed guidance on ADO review responsibilities and how the ADO is to use the electronic system is maintained by APP-520.

c. Method of Payments. Once ADO and AMZ-110 approve the payment request, AMZ-110 will request the U.S. Treasury to transfer funds to the sponsor's bank through an electronic funds

transfer. If a sponsor requires a Treasury check, the sponsor must work with AMZ-110 to determine the process.

5-44. Requirements for Frequency of Payment Requests and Expenditure Rate.

The FAA has drawn criticism because AIP funds under grant are idle while critical projects are not being funding due to a shortage of AIP funds. One measurement that a project is physically progressing without unreasonable delay, as required by 49 USC § 47106(a)(4), is regular grant payments to reimburse for project accomplishments. When grant funds are drawn down regularly, this proves that the funds are not idle. Another measurement that a project is physically progressing acceptably is the expenditure (draw down) rate of the funds within the grant.

a. Payment Requests at Least Every Twelve Months. Under 49 CFR § 18.41(d)(3), sponsors must submit payment requests at least *every twelve months* starting from the date of the grant acceptance. In addition, 49 CFR § 18.41(b)(3) allows the ADO to require the sponsor to submit payment request as often as every three months (quarterly). If the ADO requires the sponsor to submit payment requests more frequently than every twelve months, the ADO must notify the sponsor of this requirement in writing (in the grant cover letter or in separate correspondence). The ADO must also include a copy of the correspondence in the grant file.

b. Sponsor's Ability to Submit Payments More Frequent than Requirements. Sponsors have the option to submit payment requests more frequently than that what is required above.

c. Requirements for Payment Request Frequencies Exceeding 12 Months. If a sponsor has not submitted a payment request for more than 12 months, it is FAA policy that the ADO must notify the sponsor (in writing or verbally) of this delinquency and request the sponsor to submit a payment request or, if applicable, close the grant. If the sponsor is unable to submit a payment request or close the grant, the sponsor must provide the ADO with the reason for the delay and the sponsor's proposed resolution. If the ADO finds the reason for the delay or the proposed resolution unacceptable, the ADO has the option to suspend the grant as outlined in Section 9 of this chapter and/or, upon further coordination with ACO-100, delay issuing any future grants to the sponsor until the issue is resolved.

d. Expenditure Rate. If the sponsor is drawing down the grant funding at a pace that is not consistent with completing the project in a timely manner, the ADO has the option of asking the sponsor to submit the reason for the delay and the proposed resolution to the ADO in writing. If the ADO finds the reason for the delay or the proposed resolution unacceptable, the ADO has the option to suspend/terminate the grant as outlined in Section 9 of this chapter and/or, upon further coordination with ACO-100, delay issuing any future grants to the sponsor until the issue is resolved.

5-45. Requirements for Approving Payment for the Last 10% of the Federal Share.

Per 49 USC § 47111, no more than 90 percent of the federal share of a project's estimated allowable costs may be made before the project is complete. The language in this section of the statute has been misinterpreted in the past to only apply to advance payments. The intent and

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origination of this language has been researched by the FAA, and it has been determined that this requirement applies to all types of payment requests, not just advance payments.

In addition, per FAA policy, until the ADO completes the FAA final project report and completes the sponsor notification as outlined in Table 5-33, the ADO must not approve any payment requests for the last 10% of the federal share of the grant (or the last 10% of the estimated federal share of the grant after amendment, whichever is less). The sponsor is still required to pay project invoices in a timely manner while waiting for the final 10%.

The ADO has the option of excluding a state block grant from this requirement only if the state is following this requirement for all of the subgrants within the state block grant and the ADO is confident that the state will submit the state block grant closeout documentation in a timely manner.

5-46. Requirements for Reimbursement of Costs (and Limitations for Advance Payments).

a. Requirements for the Payment Request to be Based on Costs Paid by the Sponsor. Per FAA policy, a sponsor must only request payment in the amount of allowable project costs that have been paid by the sponsor. The ADO has the option to require a sponsor to provide documentation to the ADO to support the payment request amount. Since a sponsor must pay an invoice prior to submitting it in a payment request, a sponsor must not require a contractor, consultant or other entity to agree to wait to be paid until after the sponsor has received the associated grant payment (also called *pay when paid*).

b. Limitations for the Approval of Advance Payments. However, there are times when advance payments may be necessary to address a sponsor's financial burdens associated with cash flow. Under 49 USC § 47111, the ADO has the option to approve a sponsor's request to use advance payments if the sponsor meets the conditions in Table 5-18. ADO requirements in the approval process are included in Table 5-19. Examples of when the ADO might consider this are included in Table 5-20. In the specific instance of a state block grant, the state has the option of approving advance payments on a subgrant by subgrant basis if the requirements in Table 5-18 and Table 5-19 have been met.

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Table 5-18. Conditions the Sponsor Must Meet for Advance Payments

The ADO has the option to approve advance payments if the following conditions are met…
a. The Advance Payment Request is based on Invoices and Billing Statements. The sponsor provides documentation showing that the advance payment is based upon invoices and billing statements that the sponsor has not yet paid out. The value of the advance is thus based upon *defined* costs as opposed to *estimated* amounts.
b. The Sponsor Provides Prompt Payment to the Vendor. The sponsor certifies that it will pay the invoices and billing statements no more than 5 businesses days after the AIP funds have been received for the advance payment but not before the work has been completed.

Table 5-18. Conditions the Sponsor Must Meet for Advance Payments

The ADO has the option to approve advance payments if the following conditions are met…
c. The Sponsor does not Withhold Payments. Sponsor must not withhold payment from their vendors beyond the time frame addressed in their contract or by local and state law, regardless of the timing of the grant or advance payment.
d. The Advance Payments are for Non-Sponsor Vendors under Contract. Advance payments may only be made for costs that will be incurred by non-sponsor vendors with which the sponsor has a contract. Advance payments for administrative costs, indirect costs, or costs that are not supported by a contract are not allowable. The ADO has the option to request these contracts.
e. The Sponsor Makes a Written Request. The sponsor's request must contain evidence that shows the ADO that the sponsor's financial condition warrants approval of advance payments.

Table 5-19. ADO Requirements for Approving Advance Payments

The ADO has the option to approve advance payments provided…
a. The sponsor meets the requirements in Table 5-18.
b. The ADO approval is on a project by project basis.
c. The ADO writes a memo to file explaining the circumstances that warrant the approval.
d. The ADO must not approve any advance payment requests for the last 10% of the federal share of the grant (the last 10% of the estimated federal share of the grant after amendment, whichever is less). The last 10% must be based on costs that the sponsor has paid.

Table 5-20. Examples of Situations that Might Warrant Advance Payments

Some examples include…
a. The ADO determines that the sponsor is unable to front the cost of a down payment for a large airport rescue and firefighting vehicle.
b. The ADO determines that the sponsor is unable to front the costs necessary for the sponsor to provide a check at the closing for land acquisition.
c. The ADO determines that the sponsor is unable to front the costs of a large runway overlay project at a small general aviation airport.

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5-47. Requirements for Reducing or Withholding Payments.

Under 49 USC § 47111, the ADO is allowed to decide when and in what amounts payments under the grant may be made. The unique situations where the ADO would reduce or withhold a sponsor payment request are discussed in Table 5-21.

Table 5-21. Situations where an ADO Would Reduce or Withhold a Sponsor Payment Request

For the ADO to…	The ADO must…
a. Approve less than the sponsor payment request due to unallowable, unreasonable, or unjustified costs.	**(1)** Determine that the payment request contains unallowable, unreasonable, or unjustified costs. This may include costs that the ADO has already approved in previous payments. **(2)** Reduce the payment approval amount to deduct these costs. **(3)** Notify the sponsor of the adjusted amount and the reason behind the adjustment.
b. Withhold a sponsor payment request pending satisfactory backup.	**(1)** Determine that there is insufficient information in the payment request for the ADO to determine the reasonableness, allowability, and necessity of the claimed costs. An example is if the sponsor failed to submit the Quarterly Performance Report (or equivalent) in a timely manner (as required in Paragraph 5-39). **(2)** Withhold the payment until the sponsor has provided sufficient information.
c. Withhold a sponsor payment request from a sponsor who is indebted to the U.S. Government.	**(1)** Have been notified by the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) that the sponsor owes money to a federal agency. **(2)** Coordinate with AMZ-110 to determine if withholding payments will significantly impact the progress on the AIP project.

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Table 5-21. Situations where an ADO Would Reduce or Withhold a Sponsor Payment Request

For the ADO to…	The ADO must…
d. Withhold payment requests for a sponsor in noncompliance with a grant assurance (or other egregious violation).	**(1)** Have been notified by ACO-100 that ACO-100 has found the sponsor to be in noncompliance with a grant assurance (or other egregious violation). **(2)** Coordinate with ACO-100 to determine whether to withhold payments. **(3)** Not withhold payment for proper charges for more than 180 days unless the sponsor has been notified and given an opportunity for a hearing (if required by either 49 USC §§ 47106(d) or 47111) and ACO-100 concurs with this action.

5-48. Limitations for Contract Retainage.

The current version of Advisory Circular 150/5370-10, Standards for Specifying Construction of Airports, allows a sponsor to retain a percentage of a contractor's invoices until the contractor satisfactorily completes the work. A summary of these retainage requirements and the associated limitations for the sponsor to include them in payment request is included in Table 5-22.

Table 5-22. Contract Retainage Limitations

If the sponsor opts to…	The sponsor is required to…	And the sponsor's payment request…
a. Hold retainage, but not in an escrow account.	**(1)** Include a clause in the contract obligating prime contractors to make prompt and full payment of any retainage to their subcontractors. **(2)** Ensure that the retainage percentage that the prime contractor sets for the subcontractor does not exceed the retainage percentage the sponsor sets for the prime contractor. **(3)** Ensure prompt and full payment of retainage from the prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed (as	Must not include the retainage amount. This is because the sponsor has not paid the cost.

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Table 5-22. Contract Retainage Limitations

If the sponsor opts to…	The sponsor is required to…	And the sponsor's payment request…
	required in 49 CFR § 26.29).	
b. Hold retainage in an escrow account.	**(1)** Include a clause in the contract obligating prime contractors to make prompt and full payment of any retainage to their subcontractors. **(2)** Ensure that the retainage percentage that the prime contractor sets for the subcontractor does not exceed the retainage percentage the sponsor sets for the prime contractor. **(3)** Ensure prompt and full payment of retainage from the prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed (as required in 49 CFR § 26.29).	May include the retainage amount. By placing the retainage in an escrow account, the sponsor is paying the cost and is allowed to include the cost in a payment request.
c. Not hold retainage.	**(1)** Ensure that the prime contractor does not set a retainage percentage for the subcontractor.	Must not deduct a retainage amount from the payment request. All costs are based on actual paid costs.
d. Not hold retainage.	**(1)** Require a contract clause obligating prime contractors to make prompt and full payment of any retainage kept by prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed.	Must not deduct a retainage amount from the payment request. All costs are based on actual paid costs.

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5-49. Limitations for Contractor Disputed Costs.

When the sponsor and the contractor do not agree on the amount owed to the contractor, and the dispute is likely to go to court, the sponsor is still allowed to submit a payment request for any undisputed costs. The contractor must provide the sponsor with the amount that is allegedly owed by the sponsor and the sponsor must only request the amount not in dispute. When the sponsor submits the payment request, the sponsor must include a statement that there is a dispute and provide the disputed amount.

5-50. Limitations for Land Acquisition Costs.

It is FAA policy that costs associated with a land acquisition (such as appraisals, legal fees, etc.) are not allowable until *after* the sponsor has submitted evidence satisfactory to the ADO that the sponsor will receive good title to land. The sponsor must submit a binding purchase agreement that will convey good title, evidence of a condemnation deposit, a condemnation award, or a court settlement. Until the sponsor meets this requirement, there is no guarantee that the land acquisition will be completed. Therefore, sponsors must not submit payment requests until these conditions are met.

5-51. Requirements for Avoiding Improper Payments.

a. Background, Definition, and Examples. The Improper Payments Elimination and Recovery Act of 2010 (Public Law 111-204) outlines federal requirements regarding improper payments. An improper payment occurs when the funds go to the wrong sponsor, the sponsor receives an incorrect amount of funds, or the sponsor uses the funds in an improper manner. Sponsors must avoid requesting and the ADO must avoid approving improper payments. Examples of improper payments are listed in Table 5-23.

Table 5-23. Examples of Improper Payments

Some examples include payments that are made…
a. To an ineligible recipient.
b. To the wrong AIP grant.
c. For an ineligible or unallowable work (see Chapter 3 for requirements).
d. That duplicates previous payments.
e. For costs that have not been paid (unless the ADO has approved an advance payment).
f. For an incorrect amount (either over or under the correct amount).
g. Where the sponsor cannot provide documentation to support that the payment was made correctly.

b. Identification and Remediation of Improper Payments. Improper payments may be identified through a number of avenues. This may include in audits under the Single Audit Act, by the DOT Office of Inspector General (OIG), by state or local authorities, by the U.S. General Accountability Office. Improper payments may also be identified by the ADO or the sponsor. In all cases, the ADO must take action as outlined in Table 5-24 and the sponsor must take action as outlined in Table 5-25.

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Table 5-24. ADO Remediation Actions for Improper Payments

The ADO must…
a. Notify the OIG if the ADO has reason to believe the improper payment was a deliberate attempt to defraud the FAA.
b. Notify the sponsor in writing of the improper payment, including a description of the error or problem that was found (unless otherwise directed by the OIG) within 10 business days after the ADO learns of the problem.
c. Notify the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) in writing of the improper payment, including a description of the error or problem that was found within 10 business days after the ADO learns of the problem.
d. Work with the sponsor to determine how the error or problem will be corrected (unless otherwise directed by the OIG).
e. Document the steps that will be taken to resolve the improper payment and include the documentation in the project files.

Table 5-25. Sponsor Remediation Actions for Improper Payments

If the sponsor…	The sponsor must…
a. Has not received the payment.	**(1)** Either withdraw or correct the payment request that contains the improper payment.
b. Has received the payment.	**(1)** Per 31 CFR § 901.2(b)(3), pay the improper payment within 30 days of the initial ADO notification. Per FAA policy, the sponsor must accomplish this as follows: **(a) Deduct the Overpayment from the Next Payment Request.** If the costs paid by the sponsor within the grant will equal or exceed the improper payment amount within the next 30 days, the sponsor must deduct the overpayment from the next payment request. **(b) Send a Check.** If the costs paid by the sponsor within the grant will not equal or exceed the improper payment amount within the next 30 days, the sponsor must send the ADO a check for the improper payment amount as directed by the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110).

5-52. Requirements for Quarterly Submittal of Standard Form 425.

The sponsor must document their payment request on a quarterly basis on Standard Form 425, Federal Financial Report, or equivalent (see Appendix V). The sponsor must submit each Standard Form 425 no less than 30 working days after the end of each quarter beginning when

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the ADO issues the grant and ending when the project is financially complete. The sponsor must not submit the Standard Form 425's in batches or all at once at the end of the project.

This requirement is found in 75 Federal Register 54215 (September 3, 2010). Per this Federal Register Notice, the Standard Form 272 is replaced by the Standard Form 425 (Federal Financial Report) and outlines the timing of the sponsor submittal. 49 CFR § 18.41(c)(1)(ii) also allows sponsors to submit the information in an alternative format provided the equivalent information is provided.

APP-520 maintains current guidance on the current ADO review requirements for the Standard Form 425.

5-53. Requirements for Retaining/Providing Supporting Documentation.

The sponsor is responsible for maintaining all of the documentation supporting a grant payment and making this information available upon request.

Per 49 CFR § 18.42, the sponsor is required to kept these records for at least three years from the date the sponsor submits the last payment request. If any litigation, claim, negotiation, audit or other action involving the records has been started before the end of the three year period, the sponsor must retain the records until the completion or resolution of the action, or the three year period, whichever is later.

Section 7. Grant Amendments.

5-54. Criteria for Amending a Grant.

49 USC § 47108 allows the ADO to amend a grant once it has been issued. The ADO is allowed to issue an amendment as long as the ADO adheres to the criteria in Table 5-26 and Table 5-27. The appropriate amendment formats are described in Table 5-29.

Table 5-26. Criteria for an ADO to Amend a Grant

If the grant description…	The ADO can amend the grant if the following criteria are met…
a. Remains the same (regular amendments)	**(1)** If the grant amount will be increased, the sponsor must make the request in writing and fully document the amount and justification. **(2)** Decreases to the grant amount can be requested by the sponsor in writing or can be initiated by the ADO. The standard practice is for the sponsor to submit a written request, and ADO initiation of an amendment to decrease funds is normally only done when the sponsor does not agree with the amendment. Unless the decrease is initiated by the ADO based on information the ADO has in house, the sponsor must fully document the amount and reason for the decrease. **(3)** The ADO must determine that it is advantageous to the federal government. **(4)** The ADO must not increase the grant amount for planning projects. This

Table 5-26. Criteria for an ADO to Amend a Grant

If the grant description…	The ADO can amend the grant if the following criteria are met…
	restriction is based on 49 USC § 47108(b)(3) which only allows increasing the grant amount for airport development or land acquisition projects. Instead, the ADO may issue supplemental planning grants if the ADO determines that the requirements for a new planning project can be met. Development of an SMS Manual and Implementation Plan is considered a planning project. **(5)** Normally, the ADO only amends a grant at closeout to adjust the grant amount to reflect final costs. However, the ADO has the options to amend the grant more than once and at times other than at closeout. **(6)** In the rare case where a grant is based on estimates, the ADO must amend the grant to remove excess funds as soon as the actual costs are known. **(7)** The ADO has confirmed that the applicable requirements in Chapter 3 have been met.
b. Remains the same (amendment to correct the federal share percentage)	**(1)** Unless the grant is a multi-year grant (see multi-year amendment below) or the ADO needs to correct a mistake in the federal share percentage, the federal share percentage must remain the same throughout the life of the grant.
c. Remains the same (multi-year amendments)	**(1)** Unless otherwise required by the ADO, the sponsor is not required to submit a written request. **(2)** The multi-year amendment will not increase the total federal share for the multi-year agreement beyond the amount listed in the original grant agreement. **(3)** The ADO is only allowed to include sponsor entitlement funds (passenger, cargo, or nonprimary) in the multi-year amendment. **(4)** If the federal share of the eligible project costs exceeds the total multi-year amendment amount established in the initial grant agreement, the ADO has the option to issue a regular amendment. The ADO must follow the amendment rules for increases in Table 5-27 and use the total multi-year amendment amount as the basis of these calculations. The total multi-year funding amount is the sum of the initial year and future years. **(5)** If the federal participation rate changes during the course of the multi-year grant, the ADO must write the amendment using the current fiscal year rate (not the rate that was in affect when the grant was issued).
d. Is changed to clarify a project	**(1)** If the ADO is clarifying the project with no change in funding, then the ADO can initiate this action. Unless requested by the ADO, the sponsor does not need to request the change in writing or provide additional information. **(2)** The change to the grant description must simply provide a corrected grant description for the originally intended project. For this situation, work can only be added to the description if the ADO inadvertently omitted it from the original grant description. For example, an ADO might change the grant description to add relocation of a PAPI associated with a runway extension if the PAPI was always intended to be included in the project.

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Table 5-26. Criteria for an ADO to Amend a Grant

If the grant description…	The ADO can amend the grant if the following criteria are met…
	(3) If ADO wants to also adjust the funding for final project costs in the same amendment, then all of the criteria in Item a of this table also applies. **(4)** The ADO should issue the clarifying amendment as soon as the ADO identifies that the amendment is needed.
e. Is changed to add a project	**(1)** The sponsor must make the request in writing and fully document the amount and justification. **(2)** The ADO must determine that it is advantageous to the federal government. **(3)** The ADO must determine that the need for the additional project is closely related to a project contained in the original grant. **(4)** The ADO must not add the project to the grant for the purpose of using excess funds remaining in the grant. The reason for this prohibition is that it delays the timely closeout of the grant and in the case of discretionary funding, bypasses the discretionary funding competition process. **(5)** The ADO and sponsor must give serious consideration to waiting until all of the projects in the original grant agreement have been completed. Until the other projects are complete, the available amount of funding within the grant is unknown. **(6)** If there is enough sponsor entitlement in the grant to cover the new project, then the sponsor can begin the work on the new project before the amendment is issued. Otherwise, the ADO must follow the reimbursement rules in Paragraph 3-88, replacing *grant execution date* with *grant amendment execution date*. **(7)** FAA policy is to avoid adding both a new project and funding to a grant. The ADO should only consider using this option in rare circumstances. The standard accepted practice is to issue a new grant. An example of a suitable situation to add both a new project and funding is when it will help rapidly implement a new safety initiative such as the installation of Runway Guard lights. **(8)** The ADO has confirmed that the applicable requirements in Chapter 3 have been met. **(9)** All other statutory and regulatory requirements (such as environmental clearance, airspace, ALP) that may apply to the new project have been or will be met.
f. Is changed to delete a project	**(1)** Deletion of a project from a grant can be requested by the sponsor in writing or can be initiated by the ADO. The standard practice is for the sponsor to submit a written request, and ADO initiation of an amendment to delete a project is normally only done when the sponsor does not agree with the amendment. Unless the deletion is initiated by the ADO based on information the ADO has in house, the sponsor must fully document the amount and reason for the deletion. **(2)** The ADO must determine that it is advantageous to the federal government. **(3)** The ADO must adjust the grant amount by the federal share of the deleted project.

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Table 5-26. Criteria for an ADO to Amend a Grant

If the grant description…	The ADO can amend the grant if the following criteria are met…
	(4) The amendment does not prejudice the interests of the United States. This is a rare occurrence and APP-500 will notify the ADO if the situation exists. **(5)** In grants that contain land acquisition, land parcels for which costs have been incurred under the grant are not reprogrammed in another grant. **(6)** If the deleted project is for land acquisition and the sponsor has received payment on incurred land acquisition costs, the ADO must not fund the project in another grant. **(7)** The ADO should issue the amendment to delete the project as soon as the ADO identifies that the amendment is needed.
g. Is changed to modify a project	**(1)** The sponsor must make the request in writing and fully document the amount and justification for the modification. **(2)** If a portion of a project is deleted, the ADO must determine a usable unit will still be obtained. **(3)** If the project scope is being increased, the ADO must determine that the need for the additional work is closely related to the original project. **(4)** The ADO must determine that it is advantageous to the federal government. **(5)** Examples of a project modification are increasing a runway extension from 400' to 500' or reducing scope of a fencing project. **(6)** The ADO should issue the amendment to modify the project as soon as the ADO identifies that the amendment is needed. **(7)** The ADO has confirmed that the applicable requirements in Chapter 3 have been met.
h. Is changed to substitute a project	**(1)** The sponsor has made the request in writing and has fully documented the amount and justification for the substitution. **(2)** All of the criteria for adding and deleting a project have been met. **(3)** If the cost of the substituted project is less than the deleted project, the ADO decreases the federal share of the grant accordingly. **(4)** The ADO must determine that the funding rules for the projects do not prohibit the substitution. **(5)** If the deleted project is funded with discretionary funds, the ADO must not substitute a lower priority project without APP-520 concurrence. **(6)** The ADO should issue the amendment to substitute a project as soon as the ADO identifies that the amendment is needed. **(7)** The ADO has confirmed that the applicable requirements in Chapter 3 have been met.

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Table 5-27. Grant Amendment Rules for Increases

Type of Grant	Primary Airport Rules	Nonprimary Airport Rules
a. Land Acquisition	Not more than 15% of the grant amount.	Up to the greater of: ▪ 15% of the grant amount *for land* (federal share is used here, not project cost). ▪ 25% of the total increase in allowable land costs (project cost is used here, not federal share). This is one of the few instances where the ADO has the option to amend the original grant amount by more than 15%. See Table 5-28 for example calculations.
b. Airport Development	Not more than 15% of the grant amount.	Not more than 15% of the grant amount.
c. Planning	May not be increased above the grant amount.	May not be increased above the grant amount.
d. Noise Compatibility Projects (implementation, not planning)	Not more than 15% of the grant amount.	Not more than 15% of the grant amount.
e. Design Only Grants	Not more than 15% of the grant amount.	Not more than 15% of the grant amount.
f. Mixed Project Types	Not more than 15% of the grant amount after the planning portion of the grant is deducted.	Not more than 15% of the grant amount after the planning portion of the grant is deducted. If the increase includes land, also take into account the above rules for land and see Table 5-28 for example calculations.
g. State Block Grants	Not applicable.	As of the publication date of this Handbook, it is FAA policy that the ADO must not amend a state block grant to increase the grant amount. If the ADO does not issue all of the available funds to the state in the first grant of the fiscal year, the ADO must issue the remaining funds in one or more separate grants. If the state chooses to cover an eligible project overrun with AIP funds, the state must only do this with unused entitlements (following all applicable transfer rules per Paragraph 4-9), state apportionment, or discretionary from their open state block grants. Per FAA policy, states are prohibited from using unused discretionary for new projects. This policy

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Table 5-27. Grant Amendment Rules for Increases

Type of Grant	Primary Airport Rules	Nonprimary Airport Rules
		aligns the use of discretionary between state block and non-state block grants. The only adjustment an ADO can make to the grant amount is a deobligation to remove any unused funds. Because the State Block Grant Program provides states with the flexibility to reobligate entitlement and state apportionment on new or existing projects, it will be rare for the ADO to deobligate these types of funds. However, for discretionary projects, if the state has not used unused discretionary toward existing projects, then the ADO must deobligate the unused discretionary at grant closeout. If the ADO needs to reduce the funding in the grant at closeout, a separate amendment is not required (the decrease is entered into the system when the closeout is initiated).

Table 5-28. Examples of Grant Amendments with Land Increases for a Nonprimary Airport

Some examples include…

Example 1

Nonprimary airport given a grant for development and land at 90% federal share.

Item	Original Project Cost	Grant Amount	Final Project Cost
Development	$800,000	$720,000	$800,000
Land	$200,000	$180,000	$260,000
Total	$1,000,000.00	$900,000.00	$1,060,000.00

Development: No change in development cost. Therefore, grant amount portion remains at $720,000.

Land: Total cost of land increases by $60,000. The grant amount may be increased by 25 percent of the difference between the final total project cost and the original total project cost of the land (($260,000-$200,000) x 25% = $15,000), or by 15 percent of the original federal share of the grant pertaining to the land ($180,000 x 15% = $27,000), whichever is greater. Consequently, the land portion of the original grant amount of $180,000 can be increased by $27,000 to $207,000.

Final Grant Amount: $720,000 + $207,000 = $927,000

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Table 5-28. Examples of Grant Amendments with Land Increases for a Nonprimary Airport

Some examples include…

Example 2

Nonprimary airport given a grant for development and land at 90% federal share.

Item	Original Project Cost	Grant Amount	Final Project Cost
Development	$800,000	$720,000	$950,000
Land	$200,000	$180,000	$400,000
Total	$1,000,000.00	$900,000.00	$1,350,000.00

Development: Development cost increases by $150,000. The development portion of the grant amount can be increased by a maximum of 15 percent. Therefore, the maximum increase is ($720,000 x 15% = $108,000). The amended grant amount for development is $828,000.

Land: Total cost of land increases by $200,000. The grant amount may be increased by 25 percent of the difference between the final total project cost and the original total project cost of the land (($400,000-$200,000) x 25% = $50,000), or by 15 percent of the original federal share of the grant pertaining to the land ($180,000 x 15% = $27,000), whichever is greater. Consequently, the land portion of the original grant amount of $180,000 can be increased by $50,000 to $230,000.

Final Grant Amount: $828,000 + $230,000 = $1,058,000

Note: In this case, the amended total grant amount is increased by an amount which is more than 15 percent of the original grant amount.

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Table 5-29. Appropriate Amendment Formats (Templates found in Appendix V)

The following format is appropriate…	When all of the following criteria apply…
a. Formal Amendment (FAA Form 5100-38)	**(1)** If one or more of the following conditions exist: **(a)** The amendment will change the grant assurances. **(b)** The amendment will change the grant conditions. **(c)** A project within the grant is controversial. **(d)** A project within the grant is in litigation. **(e)** The amendment reduces the grant by equal to or more than $25,000 or five percent (5%) of the current approved grant obligation, whichever is greater.

Table 5-29. Appropriate Amendment Formats (Templates found in Appendix V)

The following format is appropriate…	When all of the following criteria apply…
b. Final Payment Notification and FAA Final Project Report	**(1)** The ADO is basing the final grant amount upon the FAA final project report and completes the sponsor notification as outlined in Table 5-33. **(2)** The grant amount will be reduced, and the reduction is less than $25,000 or five percent (5%) of the current approved grant obligation, whichever is greater.
c. Multi-Year Amendment	**(1)** The sole amendment purpose is to add multi-year funding as described in the grant agreement.
d. Letter Amendment	**(1)** None of the above formats are applicable.

5-55. Procedure for the ADO to Process an Amendment.

After all of the criteria in Paragraph 5-54 have been met, the ADO must process the amendment using the steps in Table 5-30.

Table 5-30. Amendment Steps

The amendment steps are…
a. Reductions as part of a closeout. If the ADO is simply reducing the funding in the grant as part of the closeout and is not required to complete a formal or letter amendment per Table 5-29, the ADO must follow the steps in Table 5-33 instead of those in this table.
b. Amendment Programming. The ADO creates an amendment in the automated AIP system from an open grant. If the grant is closed, the ADO must reopen the grant following regional policy and/or approval. The amendment is then reviewed at the regional level. If the amendment is approved, it is then ready to begin the congressional notification process, if required. If congressional notification is not required, the amendment skips to the funds reservation step.
c. Congressional Notification (if applicable). If the grant amount is increased, the ADO may be required to send the amendment through the congressional notification process. APP-520 provides the criteria for sending an amendment through congressional notification process based on legislation and OST requirements.
d. Funds Reservation (if applicable). If amendment is to increase funds, the ADO must reserve the funds in the automated AIP system. The system generates an electronic FAA Form 1413-1, Request for Change in Reservation/Obligation. This is reviewed in the system at the regional level and if approved, the system forwards the request to the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) for AMZ-110's acceptance. Once AMZ-110 accepts the reservation in the system, the funds are officially reserved.

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Table 5-30. Amendment Steps

The amendment steps are…
e. Recovery of Funds (if applicable). If the amendment is to decrease funds, the ADO must decrease the funds in the automated AIP system. The system generates an electronic FAA Form 1413-1, Request for Change in Reservation/Obligation. This is reviewed in the system at the regional level and if approved, the system forwards the request to AMZ-110 for AMZ-110's acceptance. Once AMZ-110 approves the decrease, the system forwards the request to the FAA Office of Budget and Performance - Operations and Capital Execution Branch (ABP-410) for ABP-410 approval. Once ABP-410 approves the decrease in the system, the funds are officially recovered.
f. Amendment Offer. The ADO issues the amendment offer to the sponsor using the format required in Table 5-29.
g. Amendment Acceptance (if applicable). If a formal amendment is used, the sponsor and the sponsor's attorney must sign and return the executed amendment to the ADO. The sponsor's attorney *must* sign the amendment *after* the sponsor in order for the amendment to be properly executed. The amendment cannot be altered by the sponsor without ADO concurrence and issuance of another grant amendment. The sponsor must keep one executed amendment for its files.
h. AMZ-110 Notification. If the funding amount has been changed, the ADO must send a scanned copy of the signed amendment to AMZ-110.

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Section 8. Grant Closeouts.

5-56. Grant Closeout Steps and Requirements.

In order for the ADO to close a grant, the ADO and sponsor must have completed three basic steps. These are:

a. Physically complete all projects in the grant (as discussed in Table 5-31).

b. Complete all grant administrative and financial requirements (as discussed in Table 5-32).

c. Complete the closeout processing steps (as discussed in Table 5-33).

It is FAA policy that these steps be completed in a timely manner, and that grants should not be open for more than four years from when the grant was issued. Grants open beyond four years may be subject to additional scrutiny by various offices within the federal government, may affect a sponsor's ability to receive new grants, and may require additional sponsor and ADO reporting requirements.

Table 5-31. Project Physical Completion Requirements

For the following type of project…	The project is not complete until the following requirements are met…
a. Planning	**(1)** The sponsor has submitted the final planning deliverable to the ADO. **(2)** The FAA has reviewed, accepted, or approved the planning document as applicable.
b. Land Acquisition	**(1)** The sponsor has obtained satisfactory property interest in all parcels included in the grant description. **(2)** The sponsor has submitted an updated Exhibit A to the ADO that properly reflects the land acquisition.
c. Equipment Acquisition	**(1)** The sponsor has full ownership of the equipment (must be delivered, installed, and tested in accordance with plans and specifications). **(2)** The FAA Air Traffic Organization (ATO) has completed all required commissioning, inspection, initial flight check, and/or acceptance requirements (if applicable to the project). **(3)** The sponsor has submitted any FAA required equipment inventory updates to the ADO.
d. Construction	**(1)** The ATO has completed all required commissioning, inspection, initial flight check, and/or acceptance requirements (if applicable to the project). **(2)** The sponsor has completed the final inspection and verifies that all punch list items have been addressed. **(3)** A complete and useable facility is fully available for its intended use (except in the case of phased projects). **(4)** The sponsor has received the as-built plans. The ADO has the option to require the sponsor to submit an electronic or paper copy of these plans to the ADO.

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Table 5-32. Grant Administration Closeout Requirements

For the following item…	The ADO must verify that the following requirements are met prior to the ADO processing a grant closeout…
a. Standard Required Sponsor Documentation per 49 CFR § 18.50	**(1)** The sponsor has submitted all documentation required based on the sponsor's risk level and the type of project including the following closeout specific documentation: **(a)** The final Standard Form 425, Federal Financial Report (see Appendix V), equivalent. This requirement for a final Standard Form 425 is included in the instructions for this form. **(b)** An advance paper copy of the final Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs (see Appendix V), or equivalent, that summarizes the final project costs. The

Table 5-32. Grant Administration Closeout Requirements

For the following item…	The ADO must verify that the following requirements are met prior to the ADO processing a grant closeout…
	ADO may allow the use of a Standard Form 270, Request for Advance or Reimbursement (see Appendix V), for non-construction projects in lieu of Standard Form 271.This advance copy provides the information that the ADO needs to determine the final allowable project cost. Note that the sponsor will still have to make a final payment request once the ADO completes their determination. **(c)** The final vendor invoices (unless the final vendor invoice is less than $1,000). For state block grants, the ADO has the option to only require a list of subgrants that shows the projects and final project amounts as long as the state has obtained the final vendor invoices.
b. Additional Sponsor Documentation Required by the ADO	**(1)** The ADO has the option to require the sponsor to submit any other documentation the ADO determines necessary to support the grant closeout. This may include a formal closeout package or separate items such as a final construction report that summarizes major project issues, a summary of project events, a project timeline, a summary of any Department of Labor issues, and the final DBE participation rates.
c. Grant Special Conditions	**(1)** The sponsor has met all of the grant special conditions required to be accomplished during the grant.
d. Updated Airport Layout Plan	**(1)** The sponsor has updated the ALP to reflect that the project has been completed (vs. proposed). Not all projects are shown on the ALP (such as runway rehabilitation or equipment acquisition) and in those cases an ALP update is not required. This does not normally require additional airspace coordination.
e. Exhibit A	**(1)** The sponsor has updated the Exhibit A to reflect that the property acquisition has been completed.
f. Noise Land Inventory and Reuse Plan	**(1)** The sponsor has updated the Noise Land Inventory and Reuse Plan to reflect that the property acquisition has been completed. APP-400 maintains current guidance on noise land inventory and reuse plans.
g. Environmental Requirements	**(1)** All project related environmental requirements found in the environmental determination have been completed.
h. Program Income, Including Interest Earned	**(1)** The sponsor has identified any program income, including interest earned on federal grant funds, in the Program Income section of Standard Form 425 Federal Financial Report (or equivalent). (See Appendix V.) **(2)** The sponsor must have deducted this income from the federal share of the grant.
i. Disputed Costs	**(1)** The sponsor has identified any disputed costs in the Remarks section of Standard Form 425, Federal Financial Report (or equivalent). (See Appendix V.) **(2)** If the sponsor and the contractor do not agree on the amount owed to the

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Table 5-32. Grant Administration Closeout Requirements

For the following item…	The ADO must verify that the following requirements are met prior to the ADO processing a grant closeout…
	contractor, and the dispute is likely to go to court, the sponsor has only requested reimbursement for the amount that is not in dispute. **(3)** Following review of the sponsor's closeout documentation, the ADO may choose to continue with the project closeout or leave the grant open until all litigation is completed.
j. Overpayment	**(1)** If Standard Form 425, Federal Financial Report (or equivalent), indicates that payments have been made which exceed the federal share of the estimated allowable costs, the sponsor must repay this amount. (See Appendix V.) **(2)** The ADO must notify the OIG if the ADO has reason to believe the overpayment was a deliberate attempt to defraud the FAA. **(3)** The ADO must notify the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) in writing of the overpayment. **(4)** The sponsor must send the ADO a check for the overpayment amount as directed by AMZ-110.

Table 5-33. Closeout Processing Steps

The closeout processing steps are…
a. FAA Final Project Report. Once all of the project physical completion requirements in Table 5-31 and the grant administration closeout requirements in Table 5-32 have been met, the ADO must prepare an FAA final project report in accordance with the current guidance maintained by APP-520. The report will normally be prepared and signed by the ADO project manager. The report must then also be reviewed and signed by the regional division manager (the regional division manager may delegate the approval authority down, but the authority must remain at one level higher than the project manager in the chain of command). This constitutes a routine element of program checks and balances as required by OMB Circular A-123, Management's Responsibility for Internal Control.
b. Final Payment Notification. Once the ADO completes the FAA final project report, the ADO must provide a written notification to the sponsor. This notification must include the maximum obligation amount calculated in the FAA final project report, the reason for any differences between the maximum obligation amount and the sponsor's requested amount, and the FAA final project report. The ADO must place a copy of this notification in the grant file. Until the ADO completes the FAA final project report and completes this sponsor notification, the ADO must not approve any payment requests for the last 10% of the federal share of the grant (or the last 10% of the estimated federal share of the grant after amendment, whichever is less). The ADO has the option of excluding a state block grant from this requirement only if the state is following this requirement for all of the subgrants within the state block grant and the ADO is confident that the state will submit the state block grant closeout documentation in a timely manner.

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Table 5-33. Closeout Processing Steps

The closeout processing steps are…
c. Amendments. If the ADO needs to change the work scope or increase the funding, the ADO must follow the amendment requirements and process listed in Paragraphs 5-54 and 5-55. If the ADO needs to reduce the funding in the grant, a separate amendment is not required (the decrease is entered into the system when the closeout is initiated).
d. Final Payment Request Approval. Once the ADO notifies the sponsor of the final payment amount and completes any necessary amendment actions, the sponsor must submit the final payment request through the currently approved Department of Transportation grant payment system.
e. Validation of Draw Downs. The ADO must not process a closeout in the automated AIP system until the sponsor has drawn down the entire final grant amount calculated in the ADO's final project report. The ADO must validate this by reviewing the draw downs on the grant in the current financial system being used by the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110).
f. Initiating Closeout. The ADO must initiate a closeout in the automated AIP system for the grant. The ADO can reduce the grant amount at this time to reflect the final project cost. The closeout is then reviewed at the regional level. If it is approved, the system will generate an electronic FAA Form 1413-1, Request for Change in Reservation/Obligation (if the grant is decreased) and will send the decrease (if applicable) and closeout request to AMZ-110. The ADO has the option of printing this form and placing a copy in the grant file, however, this is not mandatory because the form is retained in the automated AIP system.
g. AMZ-110 and the FAA Office of Budget and Performance - Operations and Capital Execution Branch (ABP-410) Review and Acceptance. Once AMZ-110 makes any necessary funding adjustments in their financial system and approves the closeout; and all recoveries (if applicable) are approved in the automated AIP system by ABP-410; the grant is officially closed in the automated AIP system.
h. Grant Closeout Letter. After AMZ-110 and ABP-410 review and acceptance is complete, the ADO must notify the sponsor of the grant closeout in writing. This closeout letter must include the grant closeout date and the final grant amount. The ADO must send a scanned copy of this letter to AMZ-110 and include a copy in the grant file.
i. Printing FAA Form 5100-107, Airport Improvement Program Form (also called AIP Grant Status Report). At this point, the ADO has the option of printing the FAA Form 5100-107, Airport Improvement Program Form (also called AIP Grant Status Report) generated by the automated AIP system and placing the form in the file. However, this is not mandatory because a current version of the form containing the grant history is retained in the automated AIP system.

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Section 9. Grant Suspension and/or Termination.

5-57. Reasons for Possible Grant Suspension or Termination.

Table 5-34 includes examples of when the ADO would consider suspending or terminating a grant. Note that for civil rights violations and non-compliance issues, there are additional legislative requirements. The FAA Office of Civil Rights (ACR) and ACO-100 are responsible for providing the ADO with direction on meeting these requirements.

In addition, if the suspension or termination of the grant will involve withholding an existing grant payment request, the ADO must follow the requirements in Paragraph 5-47.

Table 5-34. Examples of Reasons for Grant Suspension or Termination

Some examples include…	
a.	The circumstances that justify the project no longer exist.
b.	The sponsor has not incurred any cost on the project and has requested that the grant be deferred.
c.	The ADO has determined that progress on the project has stopped.
d.	The ADO has determined that the sponsor has not met the requirements of a grant special condition.
e.	ACO-100 has notified the ADO that the sponsor is in non-compliance and has advised the ADO to suspend or terminate the grant. The applicable compliance requirements are contained in 14 CFR Part 16, Rules of Practice for Federally-Assisted Airport Enforcement Proceedings, and the current version of FAA Order 5190.6, FAA Airport Compliance Manual.
f.	The FAA Office of Civil Rights (ACR) has determined that the sponsor has violated a civil rights requirement and has advised the ADO to suspend or terminate the grant. This is because ACR, not the ADO, is the point of contact for civil rights enforcement procedures, while the ADO normally handles any required grant suspension or termination procedures.

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5-58. Suspension of a Grant.

The ADO may suspend the grant in whole or in part if the sponsor fails to comply with conditions of the grant. The ADO does this through a written notice to the sponsor. Costs incurred by the sponsor on the grant project after the sponsor has received the suspension notice are not allowable, unless specifically authorized in writing by the ADO. The ADO may allow costs which are otherwise allowable and could not be avoided during the period of suspension. The notice of suspension must contain the following:

a. The reasons for the suspension and the corrective action necessary to lift the suspension.

b. A date by which the corrective action must be taken.

c. Notification that the sponsor has a right to request that the Associate Administrator for Airports (ARP-1) reconsider the suspension or termination.

d. Notification that the ADO will be giving consideration to terminating the grant if the sponsor does not take the corrective action by the required date.

In addition, if the suspension of the grant will involve withholding an existing grant payment request, the ADO must follow the requirements in Paragraph 5-47.

5-59. Termination for Cause.

The ADO may unilaterally terminate the grant for cause if the sponsor fails to comply with the conditions of the grant. This is done by written notice to the sponsor. The ADO must use the following procedures for termination:

a. First, the ADO must have already suspended the grant.

b. The ADO must only use factual and objective language in all correspondence which may lead to termination for cause.

c. The ADO must send a written notification of the proposed termination to APP-1 and ACO-100 at the earliest possible opportunity. The ADO must also forward a copy of the notice of suspension and the ADO assessment of the sponsor's action to remedy the situation to APP-500 and ACO-100.

d. Upon receipt, ACO-100 will acknowledge the proposed termination to the ADO via telephone or e-mail. Within 30 days of ACO-100's acknowledgement, ACO-100 will notify the ADO, in writing, of the procedures to be followed.

e. The ADO must notify the sponsor of the termination in writing. This notice must include the reasons for the termination and must inform the sponsor of their right to request the Associate Administrator (ARP-1) reconsider the suspension or termination.

f. The ADO must ensure that payments or recoveries of payments under the grant are in accordance with the legal rights and liabilities of all parties involved.

g. ACO-100 may require the ADO to provide further coordination and action as a result of the termination for cause in accordance with 14 CFR Part 16, Rules of Practice for Federally-Assisted Airport Enforcement Proceedings, and the current version of FAA Order 5190.6, FAA Airport Compliance Manual.

h. The FAA Office of Civil Rights (ACR) may require the ADO to provide further coordination and action as a result of the termination for cause in accordance with the applicable civil rights requirements.

In addition, if the termination of the grant will involve withholding an existing grant payment request, the ADO must follow the requirements in Paragraph 5-47.

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5-60. Termination for Convenience.

The ADO has the option of terminating a grant for convenience if there is no beneficial reason to continue the project. This can be initiated by either the ADO or the sponsor. Termination for convenience requires:

a. A written agreement that details the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated.

b. The termination agreement must state that the sponsor may not incur new obligations for the terminated portion of the grant after the effective date and must cancel as many obligations relating to the termination as possible.

c. The sponsor can be reimbursed for allowable project costs that were incurred prior to the effective cancellation date if incurring the costs was unavoidable and could not be cancelled.

In addition, if the termination of the grant will involve withholding an existing grant payment request, the ADO must follow the requirements in Paragraph 5-47.

Section 10. Post-Grant Actions.

5-61. Sponsor Records Retention.

49 CFR § 18.42 requires that a sponsor retain all grant related documentation for three years after the sponsor submits the final payment request. If a sponsor becomes involved in litigation or other action involving the records, the sponsor must retain the records until the issue is resolved or the end of the three year period, whichever is later.

Sponsors are also required to provide copies of this documentation upon request to the FAA, the DOT Office of Inspector General (OIG), General Accountability Office and independent auditors acting on behalf of those offices, and independent auditors under the Single Audit Act of 1984. Table 5-35 contains examples of documentation that the sponsor must retain.

Table 5-35. Examples of Documents that a Sponsor Must Retain

Some examples include…
a. Invoices and inspection reports for third party contracts and suppliers
b. Detailed employee pay records (including supporting labor distribution records) for force account work
c. Detailed labor distribution for project administration costs
d. Records of land purchases (including relocation costs)

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5-62. ADO Records Retention.

The ADO must retain grant records according to the requirements of the current version of FAA Order 1350.15, Records Organization, Transfer, and Destruction Standards.

5-63. Reopening Grants.

In extraordinary circumstances, a grant can be reopened by the ADO if the ADO finds that the sponsor has either not been reimbursed for allowable costs or has been reimbursed for costs that are not allowable. The ADO must notify APP-520 in writing before the ADO reopens any closed grant explaining the reason that this action is necessary.

5-64. Audit Requirements.

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, establishes audit requirements for states, local governments, and non-profit organizations receiving federal funding, which includes AIP. Table 5-36 contains the guidance on when AIP audit are required by entity, including privately owned sponsors that do not fall under OMB Circular A-133.

A grant can be audited at any time whether the grant is open or closed. Audit standards and requirements are included in 49 CFR Part 18 and in the Single Audit Act of 1984. Revenue use compliance reviews are also required as part of the FAA Compliance Branch requirements and are discussed in the current version of FAA Order 5190.6, FAA Airport Compliance Manual.

The ADO has the option of requesting that the OIG conduct additional audits where the ADO determines a need exists. Examples of reasons for the ADO to request an additional audit include where there is evidence of financial discrepancies or evidence of an unusual financial situation.

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Table 5-36. Requirements for AIP Audits by Entity

For the following entity…	The following audit requirements apply…
a. Publicly Owned Sponsor	If the sponsor receives federal grants for more than $500,000 in a fiscal year in federal grant funding have a single or program-specific audit conducted for that fiscal year. This $500,000 requirement applies to all federal funding, not just AIP.
b. Block Grant Subgrant Recipient	If the sponsor receives federal grants for more than $500,000 in a fiscal year in federal grant funding have a single or program-specific audit conducted for that fiscal year. This $500,000 requirement applies to all federal funding, not just AIP. For block grant states, it is the opinion of the FAA that the airport receiving the subgrant, not the state, is responsible for obtaining the single audit. The airport that received the subgrant must report the grants on their Schedules of Expenditures of Federal Awards (see OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations). The airport must report the grant on their Schedules of Expenditures of Federal Awards as sub-recipients.

Table 5-36. Requirements for AIP Audits by Entity

For the following entity…	The following audit requirements apply…
c. Block Grant State	For block grant states, it is the opinion of the FAA that block grant states are responsible for ensuring the airports under the block grant obtain single audits, if required. For block grant states, both the state must report the grants on their Schedules of Expenditures of Federal Awards (see OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations). The states must report the grants to airports as a pass through.
d. Privately Owned Sponsor	OMB Circular A-133 does not apply to privately owned sponsors. However, the ADO must require the privately owned sponsor to have an audit of the grant conducted for all but the most basic projects (such as acquisition of a snow removal vehicle). The ADO must include a special condition in the grant to require this. APP-520 maintains a current list of special conditions. This audit must be conducted at the completion of the project and must be done in accordance with accepted standard audit practices. The sponsor must provide copies to both the ADO and the OIG.

5-65. Disposal of AIP Funded Equipment.

The criteria for a sponsor to dispose of equipment that is no longer needed, is being replaced, or has exceeded its useful life (per Paragraph 3-11) are listed in Table 5-37. The criteria are consistent with 49 CFR § 18.32. A sponsor can determine the fair market value by advertising the equipment to determine the amount a willing purchaser would pay, or by hiring an accredited appraiser.

Table 5-37. Criteria for Disposing or Replacing AIP Funded Equipment

If the equipment is…	And the fair market value is…	The following applies…
a. Retained by the airport (for any use) or donated or sold to any another entity.	Less than $5,000.	No reimbursement to the FAA is required.
b. Retained and used for airport purposes.	$5,000 or more.	No reimbursement to the FAA is required. No AIP funds may be used to provide building space for this equipment.
c. Retained and used for non-airport purposes.	$5,000 or more.	Reimbursement to the FAA is required (for an amount equal to the fair market value multiplied by the current federal share). The reimbursement to the FAA is accomplished

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Table 5-37. Criteria for Disposing or Replacing AIP Funded Equipment

If the equipment is…	And the fair market value is…	The following applies…
		by the ADO reducing the total project cost of the next grant received by the sponsor by an amount equal to the total fair market value of the equipment. No AIP funds may be used to provide building space for this equipment.
d. Donated at no cost to another sponsor and the equipment is both eligible and justified at the receiving airport.	$5,000 or more.	The grant obligations for the equipment are transferred to the other sponsor. No reimbursement to the FAA is required.
e. Sold (at fair market value or less) to another sponsor and the equipment is both eligible and justified at the receiving airport.	$5,000 or more.	*This is not the preferred scenario. Donation of the equipment is a much more effective way to transfer the equipment.* The grant obligations for the equipment are transferred to the other sponsor. Reimbursement to the FAA is required (for an amount equal to the fair market value multiplied by the current federal share). The reimbursement to the FAA is accomplished by the ADO reducing the total project cost of the next grant received by the sponsor by an amount equal to the total fair market value of the equipment. The purchasing airport may request a grant for the purchase price, provided the equipment meets FAA specification and has an acceptable useful life based on the purchase price.
f. Sold (at fair market value or less) or donated to a non-eligible entity.	$5,000 or more.	Reimbursement to the FAA is required (for an amount equal to the fair market value multiplied by the current federal share). This reimbursement amount is required even if the equipment was donated at no cost or sold for less than fair market value. The reimbursement to the FAA is accomplished by the ADO reducing the total project cost of the next grant received by the sponsor by an amount equal to the total fair market value of the equipment.

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5-66. Disposal of Excess/Unneeded AIP Funded Land (and ADO/Sponsor Tracking).

49 USC § 47107(c)(2) requires a sponsor to promptly dispose of AIP funded land when the land is no longer needed for airport purposes. In this specific case, airport purpose includes land is needed for an existing or future aeronautical purpose (including runway protection zone) or that serves as noise buffer land.

If the ADO determines that the land is no longer need for these purposes, the sponsor has the choice of either selling or keeping the land for non-airport purposes. In either case, the sponsor must use the federal share of the fair market value on projects in the order of precedence listed in Table 5-38 per 49 USC § 47107(c)(4). This is done outside of the grant process and requires a land release approval from the ADO (see the current version of FAA Order 5190, FAA Airport Compliance Manual). The ADO must also review and approve or disapprove the sponsor's choice of how to apply the funding prior to the funds being used for sponsor's requested purpose.

APP-400 and ACO-100 maintain current guidance on the ADO and sponsor requirements for tracking and disposal of AIP acquired land.

Table 5-38. Order of Precedence for Applying Sale Proceeds of AIP Funded Land

Order of precedence to apply the federal share of the fair market value is …
(1) Reinvestment in an approved noise compatibility project.
(2) Reinvestment in an approved *project* that is eligible for funding under 49 USC § 47117(e). The only *projects* in this section of the law are projects eligible for noise and environmental set aside funding. A complete list of projects eligible for noise and environmental set aside funding is contained in Paragraph 4-6.
(3) Reinvestment in all other approved airport development projects at the airport.
(4) Transfer to a sponsor of another public airport for a noise compatibility project at the other airport.
(5) Send the ADO a check as directed by the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) for deposit in the Airport and Airway Trust Fund.

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Chapter 6. What special AIP programs are available?

Section 1. Letters of Intent.

6-1. Overview.

A Letter of Intent (LOI) is a formal document issued by the ADO that states an intention to provide future funding (using appropriate entitlements or apportionments, discretionary or funds from the small airport fund). The LOI is limited to airport development projects (including project formulation costs) at primary and reliever airports. It is further limited to projects that enhance or preserve capacity. 49 USC § 47110(e) gives the FAA the authority to issue LOIs and describes the requirements and prescribes the limitations on the use of the LOI.

The LOI establishes a schedule for future AIP funding, subject to annual appropriations and availability of funds. A sponsor who has received an LOI may start the project without waiting for individual AIP grants. Allowable project costs are eligible for reimbursement, subject to the payment schedule set forth in the LOI.

The LOI process is rigorous and requires early coordination and a full understanding of the submission and evaluation criteria by all parties involved. This section of the Handbook discusses the regulatory requirements. In addition, APP-510 maintains current guidance on the sponsor application, evaluation criteria, and other administrative requirements.

6-2. LOI Funding Rules and Policy.

Table 6-1 contains the unique funding rules and policy that apply to LOIs.

Table 6-1. LOI Funding Rules and Policy

Unique LOI funding rules and policy include…
a. LOI Budget. Per 49 USC § 47110(e)(4), the FAA must reserve a reasonable amount of AIP funding for grants not covered by LOIs. APP-510 meets this requirement by annually establishing an LOI budget that it uses to establish future LOI payment schedules.
b. Scheduling LOI Payments beyond the Fiscal Year of the Current AIP Authorization. The Department of Transportation and Related Agencies Appropriations Act, 1989 (Public Law 100-457) allows the FAA to issue an LOI with payments scheduled beyond the statutory expiration of the current AIP authorization.

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Table 6-1. LOI Funding Rules and Policy

Unique LOI funding rules and policy include…
c. Use of Airport Entitlements. It is FAA policy for a sponsor to commit all of the airport entitlements over the life of the LOI to the project unless APP-500 and the ADO agree otherwise. If during any given year a sponsor's entitlements vary from the amount approved in the LOI schedule for that year: **(1) Fiscal Year Entitlements Less than LOI Schedule**. The ADO cannot increase the discretionary funds to compensate for the shortfall. Instead, the sponsor is expected to make up the shortfall with entitlements from a future year. **(2) Fiscal Year Entitlements More than LOI Schedule**. The ADO and sponsor can jointly decide to apply the funds to other higher priority projects during that fiscal year, carry over the funds to the following fiscal year, or add them to that year's annual payment (reducing the entitlements that need to be applied to the LOI in future years).
d. Use of Passenger Facility Charges. Per 49 USC § 47110(e)(5), the FAA is restricted from requiring a sponsor to impose a passenger facility charge for the project in order to obtain a letter of intent.
e. Reimbursing with Discretionary. The ability to reimburse with discretionary under an LOI is discussed in Paragraph 3-88.
f. Change to Nonprimary Airport Status. Per 49 USC § 47108(e)(1), if a primary airport changes to a nonprimary airport when a development project approved under an LOI is underway, the project remains eligible for discretionary.

6-3. LOI Project Criteria by Airport Type.

49 USC § 47110(e) gives the FAA the authority to issue the LOI's for projects that enhance or preserve capacity at primary and reliever airports. By FAA policy, LOI projects must meet the criteria listed in Table 6-2. All of the other project funding requirements in Chapter 3 apply, including the restriction on using AIP funds for interest payments.

A project under an LOI must also satisfy all statutory and administrative requirements for an AIP project. Sponsors must proceed as though they had applied for and been awarded AIP funds and must fulfill all environmental, civil rights, bidding, procurement, and contracting requirements associated with an AIP grant, even though portions of the work may proceed in advance of receiving AIP funds.

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Table 6-2. LOI Project Criteria by Airport Type

For the following type airport…	The following criteria apply…
a. Large and Medium Hub	**Capacity Enhancing Projects:** **(1) Airfield Capacity Enhancement.** The proposed project must enhance airfield capacity by increasing aircraft movements, increasing aircraft seating or cargo capacity (including a different aircraft design group), or reducing airfield delays. **(2) Supporting Infrastructure.** LOI projects must only include other AIP-eligible infrastructure that is logically necessary to complete the LOI project. In many cases this will be something that is physically required, such as acquiring land to complete a runway extension. However, in some cases, project components may not be physically required but logically necessary. For example, when extending a runway it may also be necessary that the parallel taxiway be extended to ensure the full operational benefits of the runway extension are successfully realized. While the taxiway extension is not physically required, it is logically necessary because it links to the operational efficiency of the LOI project. **(3) Non-Supporting Infrastructure.** The LOI project must not include project components that, while completed concurrently because of convenience, are not logically necessary for the completion of the LOI project or for realizing the benefits of the LOI project. **(4) Aprons.** New apron areas must increase airfield capacity. However, aprons have historically competed less favorably for LOIs than runway or taxiway projects. **(5) System Capacity**. Per 49 USC § 47110(e)(2)(C), APP-510 must determine that the project will significantly enhance system-wide airport capacity. **(6) Ineligible Rehabilitation or Reconstruction Projects.** Rehabilitation or reconstruction projects undertaken solely to extend the life of existing pavement does not satisfy the system capacity statutory requirement. **(7) Eligible Reconstruction Projects.** Reconstruction of an existing runway or taxiway must strengthen or relocate/shift the pavement and result in a capacity enhancement by: **(a)** Increasing aircraft movements, increased aircraft seating or cargo capacity (including accommodating a different aircraft design group), or reduced airfield delays. **(b)** Creating an added arrival stream or reducing dependency between arrival streams. **(c)** Eliminating intersecting runways. **(d)** Improving departure, approach, or missed approach procedures.
b. Small Hub, Non Hub, Reliever	**Airfield Capacity Enhancing Projects:** **(1) Airfield Capacity Enhancement.** The proposed project must enhance airfield capacity by increasing aircraft movements, increasing aircraft seating or cargo capacity (including a different aircraft design group), or reducing airfield delays. **(2) Supporting Infrastructure.** LOI projects must only include other AIP-eligible

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Table 6-2. LOI Project Criteria by Airport Type

For the following type airport…	The following criteria apply…
	infrastructure that is logically necessary to complete the LOI project. In many cases this will be something that is physically required, such as acquiring land to complete a runway extension. However, in some cases, project components may not be physically required but logically necessary. For example, when extending a runway it may also be necessary that the parallel taxiway be extended to ensure the full operational benefits of the runway extension are successfully realized. While the taxiway extension is not physically required, it is logically necessary because it links to the operational efficiency of the LOI project. **(3) Non-Supporting Infrastructure.** The LOI project must not include project components that, while completed concurrently because of convenience, are not logically necessary for the completion of the LOI project or for realizing the benefits of the LOI project. **(4) Aprons.** New apron areas must increase airfield capacity. However, aprons have historically competed less favorably for LOIs than runway or taxiway projects. **Airfield Capacity Preservation Projects:** **(1) Eligible Rehabilitation or Reconstruction Projects**. Rehabilitation or reconstruction projects must either enhance or preserve capacity. However, rehabilitation and reconstruction projects to preserve capacity have historically competed less favorably for LOIs than those that will enhance capacity.

6-4. LOI Approval/Disapproval Process.

The FAA's process for evaluating LOI requests is principally a financial planning process rather than grant administration. Formal grant applications will still be required for each year once an LOI is awarded, based on the LOI payment schedule and subject to the availability of funds. The current process, as of the publication date of this Handbook, is contained in Table 6-3. APP-510 also maintains a timeline diagram for the LOI process that is available upon request.

Table 6-3. LOI Approval/Disapproval Process

The steps in the LOI process include…
a. Early FAA/Sponsor Coordination. Any sponsor interested in pursuing an LOI must contact their ADO as early as possible, generally at least three months before the LOI request deadline of March 1. The ADO must then brief the sponsor on all aspects of LOIs, including the LOI request process, evaluation criteria and submission requirements. The ADO is the primary contact for the sponsor regarding an LOI.

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Table 6-3. LOI Approval/Disapproval Process

The steps in the LOI process include…
b. Joint Meeting. The ADO has the option to hold a joint meeting so that the ADO, the regional office, APP-510, the sponsor, and the sponsor's consultant understand the purpose and scope of the project, FAA authority and policy, and sponsor financial needs, schedules, and responsibilities. This joint meeting will normally include a discussion of the evaluation criteria including the relationship between the FAA's Terminal Area Forecast (TAF) and the sponsor's forecast assumptions and level of effort to be used in their financial planning and BCA.
c. Benefit-Cost Analysis. The FAA recommends that sponsors submit the BCA for the proposed action to the ADO as far in advance of the LOI request as possible, but no later than March 1. This is because the review of the BCA may take more than six months and could delay the LOI decision. The BCA process for capacity projects is contained in Paragraph 3-13.
d. ADO Notification to APP-510. Per FAA policy, APP-510 requests a list of LOI candidates from the regional offices early in the fiscal year. Regional offices must coordinate with the ADOS and provide the list to APP-510 in the time frame requested by APP-510. In addition, the ADO must notify the regional office, and the regional office must notify APP-510 promptly when a sponsor that is not on this list expresses interest in obtaining an LOI. Preliminary information provided to APP-510 must include a general description of the project, the estimated cost, the proposed schedules for construction and reimbursement, and an indication of whether the project is a good candidate for an LOI.
e. Sponsor Submits LOI Request. It is FAA policy for sponsors to submit LOI requests to the ADO on or before March 1. The LOI review committee will normally review and either approve or disapprove the request by end of the same fiscal year. If a sponsor submits an LOI request after March 1, the LOI review committee will normally not review the request until the following fiscal year. The LOI review committee also has the option to review incomplete or partial requests on a case by case basis.
f. ADO/RO Review. The ADO and regional office will prepare an overview, assessment and preliminary recommendation for Headquarters consideration, within 30 days of receiving an LOI request unless an extension is requested of and approved by APP-510 in advance. The ADO must use the most current LOI evaluation tool required (and maintained) by APP-510.
g. Committee Review. The FAA will establish a national-level committee each year to review LOI requests to ensure that all statutory requirements have been met, and to advise the FAA Associate Administrator for Airports (ARP-1) and the FAA Director of the Office of Airport Planning and Programming (APP-1) on the selection of LOI proposals. The committee will be composed of representatives of the FAA Office of Airports (ARP). The committee is chaired by APP-510 and may include ARP representatives from APP-510, APP-520, and an ARP regional division manager (or designee) with no LOI candidate in the current year. The committee may also include representation by the FAA Office of Aviation Policy and Plans (APO), the FAA Air Traffic Organization (ATO) and/or other FAA offices, as determined by the committee chair. The committee may recommend that APP-510 request additional information from the sponsor, and/or additional assessment from the ADO or regional office.
h. LOI Selection. After receiving the recommendations from the LOI Committee, ARP-1 makes the official selections.

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Table 6-3. LOI Approval/Disapproval Process

The steps in the LOI process include…
i. LOI Programming. After ARP-1 selects the sponsors that will receive LOIs, APP-500 coordinates the LOI sign-off package within Headquarters including the FAA Office of Government and Industry Affairs (AGI). The LOI package contains a draft of the LOI documents, a memorandum from APP-500 to the regional division manager containing documentation of the FAA's review and proposed LOI approval, and the unsigned congressional notification letters.
j. DOT Office of the Secretary (OST) Coordination. APP-500 forwards the LOI sign-off package electronically to OST including the unsigned congressional notification letter.
k. Congressional Notification. For new or amended LOIs that exceed $10,000,000, OST must send the signed congressional notification letter to the Committees on Appropriations of the Senate and the House of Representatives; the Committee on Commerce, Science, and Transportation of the Senate; and the Committee on Public Works and Transportation of the House of Representatives of the proposed LOI. This requirement is contained in a note in the Department of Transportation and Related Agencies Appropriations Act, 1993 (Public Law 102-388, title III § 320). The FAA interpretation of this requirement is that OST must notify these parties of the new or amended LOI and may proceed if no legislation is passed to prohibit the LOI within 30 days after notification. OST electronically notifies the FAA when this process is complete.
l. LOI Decision Memorandum. When the congressional notification process is complete, APP-510 will officially prepare a memorandum that establishes the LOI funding level and provides supporting information for the decision.
m. LOI Offer. The ADO will issue the LOI to the sponsor when APP-510 has provided the ADO with the LOI Decision Memorandum. The same official who normally signs a grant offer for the FAA will be the official who signs the LOI offer.
n. ADO Issues Initial LOI Grant. APP-520 normally schedules the initial LOI grant for the fiscal year following the year in which the application was received unless the approval of the LOI is delayed beyond the end of the fiscal year. However, as allowed by 49 USC § 47110(e)(6), APP-500 has the option to schedule the initial LOI grant during the same fiscal year that the LOI is approved.

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6-5. Sponsor LOI Submission Requirements.

Per FAA policy, sponsors must submit one hard copy and one electronic copy of the documentation listed in Table 6-4 to the ADO.

Table 6-4. Sponsor LOI Submission Requirements

The sponsor must provide…
a. Executive Summary. This summary must include an overview of the existing airport's facilities and operating environment, along with an overview of the proposed capital project or program to be supported by the requested LOI.

Table 6-4. Sponsor LOI Submission Requirements

The sponsor must provide…
b. Description of the Existing Problem. This description must focus on the capacity constraints of the existing facilities relative to existing or projected demand.
c. Description of System-Wide Airport Capacity Enhancement. This description must include how the proposed action will meet the requirement for a significant system-wide capacity enhancement. Sponsors must not construe this to refer solely to throughput capacity for major airline hubs. Sponsors may rely upon any one or more of several factors that the FAA may then consider in making this determination. Examples include, but are not limited to, physical airport improvements that result in or support one or more of the following. Reduction of required minimums will not generally be considered sufficient evidence, on its own, to represent a significant system-wide airport capacity enhancement. **(1)** Capacity increase in annual operations, either in Visual Flight Rules (VFR) or Instrument Flight Rules (IFR) conditions or both. **(2)** Increase in airport service volume by the addition of a new runway, elimination of runway intersections or other airfield operational constraints. For large hub airports, sponsors will need to demonstrate that the capacity benefits are real, measurable and significant. One of the FAA's performance targets is to increase annual service volume nationally by, on average, one percent per year. Large hub airport sponsors should consider discussing how a proposed LOI project will contribute to achieving this target. **(3)** Increase in hourly *call rates* (i.e., local tower acceptance rates in terms of hourly arrivals and departures); **(4)** Delay reduction relative to existing or forecast levels, either at the individual airport or among multiple airports serving the same geographic area; **(5)** Projected delay savings as a percentage of existing delays at the airport, or as a percentage of all national delays; **(6)** Delay reduction that can be shown to enhance airline schedule reliability, even if the project does not lead to substantial increases in operations; **(7)** Creation of an additional arrival stream or reduced dependency between arrival streams; **(8)** Regional distribution of demand from one or more capacity-constrained or significantly delayed airports; **(9)** Elimination of a demonstrable capacity constraint for an airport serving a region or metropolitan area where population or economic growth has exceeded growth in available departing seats or cargo capacity; or **(10)** Increase in the maximum stage-length that can be served from the airport.
d. Description of the Sponsor's Forecast. This description must include both summary and detailed information on enplanements and operations. If applicable, the description must also include details of the fleet mix, the peak hour airfield mix by class, and the airline load factors. The sponsor must provide a clear discussion of how the forecasts were derived and their key assumptions.
e. Description of the Proposed Action. This description must focus on how the proposed action will provide additional capacity. For large and medium hub airports, this description must also explain how the proposed action will enhance system-wide airport capacity.

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Table 6-4. Sponsor LOI Submission Requirements

The sponsor must provide…
f. Description of the Capital Cost Estimates. This description must delineate the level of planning or design data on which the estimates are based, the source of quantities and unit costs, and the levels of contingency assigned. The ADO has the option to request that the sponsor secure the services of an independent consultant to conduct a formal cost estimate review, including unbiased quantity calculations, estimates of unit costs and determination of appropriate contingency levels based on the level of design information available.
g. Status of and Schedule for the ALP Approval. If the sponsor has not submitted an ALP depicting the proposed action by March 1, the sponsor must provide a schedule to the ADO that clearly demonstrate that the FAA will be able to approve the ALP by September 30. This schedule must include sufficient time for full airspace review and all required coordination.
h. Status of Environmental Decision and Required Federal/State Permits. If the FAA has not completed the environmental decision or the sponsor has not obtained the required federal/state permits, the sponsor must provide a status/schedule of when this will be accomplished. If an FAA Record of Decision is required, the schedule must demonstrate the FAA has sufficient time to issue a Record of Decision by August 1. If the schedule suggests a date later than August 1, the sponsor should consider deferring the LOI request to the following year.
i. LOI Application Financial Template and Supporting Documentation. The LOI Application Financial Template (see Appendix V for template and instruction) must document all of the proposed funding sources and amounts. If additional approvals or other actions are required for any funding type (such as for Passenger Facility Charges or General Airport Revenue Bonds) the sponsor must include the status. Using the LOI Application Financial Template, the sponsor must clearly outline all sources and amounts of financing for the proposed project as well as for all other anticipated capital projects during the life of the LOI request. The Finance Template also provides an opportunity for sponsors to discuss alternative LOI disbursement schedules and how those alternatives might impact the overall financial plan.
j. Description of the Financial Plan for Other Capital Needs. The sponsor must discuss other significant capital costs identified in the LOI Application Financial Template beyond the proposed action to enable the FAA to identify whether the funding plan for the proposed action is viable.
k. Benefit-Cost Analysis (BCA). If not submitted previously, the sponsor must include a BCA that was prepared in accordance with the FAA Airport Benefit-Cost Analysis Guidance (see Appendix B for link). This information must include all data necessary to explain the assumptions regarding existing and proposed facilities and operational parameters. For project over $50 million dollars, it may also be beneficial for the sponsor to conduct detailed simulation modeling. The FAA has the option to require this if they feel the complexity of the project warrants it. Sponsors must recognize that the total project cost used in the BCA may be more than that of the proposed LOI project. This is necessary if the additional project components are required to realize the benefits of the proposed action. For example for an LOI for a new runway, the BCA may need to include terminal expansion costs to accommodate the increase in passenger traffic.

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6-6. Evaluation Criteria.

49 USC § 47115(d)(1) contains the six criteria that the FAA must use when selecting capacity enhancement projects for discretionary funding. Per FAA policy, the FAA uses these criteria, which are listed in Table 6-5, for LOI evaluation.

APP-510 maintains review guidance and an LOI evaluation tool that must be used by the ADOs and regional offices to complete their evaluations. The purpose of the LOI evaluation tool is to ensure a consistent review process throughout the FAA Office of Airports.

Table 6-5. Criteria for Selecting Capacity Enhancement Projects

The criteria, which are used by the FAA to evaluate LOI projects, are….	
(1)	The effect that the project will have on overall national transportation system capacity.
(2)	The benefit and cost of the project, including, in the case of a project at a reliever airport, the number of operations projected to be diverted from a primary airport to the reliever airport as a result of the project, as well as the cost savings projected to be realized by users of the local airport system.
(3)	The financial commitment from non-United States Government sources to preserve or improve airport capacity.
(4)	The airport improvement priorities of the States to the extent such priorities are not in conflict with items a and b in this table.
(5)	The projected growth in the number of passengers or aircraft that will be using the airport at which the project will be carried out.
(6)	The ability of the project to foster United States competitiveness in securing global air cargo activity at a United States airport.

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6-7. LOI Offer Package.

An LOI Offer Package is normally comprised of two documents, the cover letter and the LOI Offer. Both documents are developed by APP-510 and signed by the ADO. Per FAA policy required contents of this LOI Offer are included in Table 6-6.

In addition, the ADO has the option to include any additional guidance or information that the ADO deems necessary. For example, the ADO may wish to include a spreadsheet with a detailed cost breakdown that shows the project component costs that are included in the proposed action and/or a project sketch that clearly shows the approved project components.

Table 6-6. LOI Offer Contents

APP-510 must include the following information in the LOI Offer…
a. LOI Number. Currently this is based on the regional office's three letter code, the fiscal year of issuance, and a sequential number (for example: AGL-88-02 is the second LOI issued by AGL in FY 1988). APP-510 is in the process of converting this to the following format, which must be used by the ADO once officially adopted: 3-AA-BBBB-LCC-YYYY *Where:* 3 = The program code for AIP. AA-BBBB = The NPIAS code for the airport. L = A single letter designator indicating this is an LOI. CC = The sequential number of LOIs issued for that airport. YYYY = The fiscal year in which the LOI is executed.
b. Airport Name.
c. Project Description. A brief, but complete, project description.
d. Maximum Federal Funding. The maximum amount of federal funds which will be made available for the project.
e. Funding Schedule. A schedule of reimbursements by fiscal year and type of funds (apportionment and/or discretionary).
f. Sponsor Compliance Statement. A statement that the sponsor must be in compliance with all statutory and administrative requirements.
g. *Intent* to Obligate Statement. A statement that the LOI is not considered an obligation of the United States, must not be deemed an administrative commitment for funding, but only an intention to obligate from future budget authority as such funds become available.
h. Amendment Statement. A statement that the LOI, with sufficient justification, may be amended to adjust the maximum federal obligation, the payment schedule, or both.
i. Requirements before Proceeding Statement. A statement that if a sponsor proceeds without satisfying all of the *statutory and administrative requirements* associated with an actual grant, the commitment to reimburse the sponsor under the LOI may be voided.
j. Failure to Comply with Federal Requirements Statement. A statement that a sponsor's failure to comply with all federal requirements could lead to a requirement to repay paid amounts and jeopardize later reimbursements

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6-8. Grant Administration.

Once an LOI is approved, the ADO is responsible for issuing and administering the associated grants according to the approved LOI payment schedule. This includes ensuring that all of the sponsor (Chapter 2), project (Chapter 3), funding (Chapter 4), and grant (Chapter 5) requirements have been met.

The ADO has the flexibility to determine which phases of the LOI project will be included in each grant as long as the ADO is able to accurately track what is being funded.

The sponsor is required to maintain a current record of the physical and financial status of the project. The ADO has the option to request this information in the format and frequency the ADO determines is necessary.

6-9. Amendments to Letters of Intent.

There must be ongoing ADO involvement as each project phase is completed, as subsequent phases come to bid, and as successive grants are issued under the LOI. In extremely limited circumstances, the FAA may amend an LOI in future years to adjust the total maximum federal obligation, the schedule of payments, or both. Circumstances that warrant an amendment include, but are not limited to, a change in project cost related to unforeseen federal or state regulatory requirements, changes in project timing or scope, or changes in future obligating authority. APP-510 approval is required prior to an ADO amending an LOI.

The sponsor has a responsibility to estimate and manage costs as accurately as possible. In cases where the sponsor faces unexpected increases in costs driven solely by economic conditions, sponsors must not view a possible LOI amendment as the first solution to be considered, particularly since the FAA's overall participation rate will generally represent a small percentage of overall funding.

The sponsor must either consider cost reduction or deferral measures, and/or pursue the full range of funding sources available. The FAA has the option to issue an amendment, but such amendments will be the exception rather than the rule and may result in the FAA extending the LOI payment schedule beyond the term of the original schedule and/or revising the level of federal participation.

In cases where an amendment would exceed $10 million of the original LOI Discretionary funding, APP-510 has the option to require the sponsor to submit updated information. If such an amendment is approved, APP-510 must initiate an OST/Congressional notification process as if a new LOI were being awarded.

The amendment rules only apply to the specific grants that are issued under the LOI. The LOI itself is not subject to the grant amendment rules in Section 7 of Chapter 5.

6-10. LOI Closeout.

Once all of the associated LOI grants are closed, the ADO must officially close the LOI in the automated AIP system.

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6-11. Suspending or Terminating an LOI.

If a sponsor proceeds without satisfying all of the *statutory and administrative requirements* associated with an actual grant, the FAA has the option to suspend or terminate the LOI. Sponsors must fully understand that failure to comply with all federal requirements could lead to a requirement to repay paid amounts and jeopardize later reimbursements.

Section 2. State Block Grant.

6-12. General.

The State Block Grant Program allows states to assume the administrative responsibilities that are traditionally performed by the ADO for nonprimary airports. These functions are specifically defined by a state block grant agreement that is executed between the state and the FAA once the state is chosen for participation in the program.

6-13. Limited State Flexibility.

The State Block Grant Program provides participating states with some flexibility in the administration of the state apportionment and sponsor entitlement for the airports in their program. The limitations on this flexibility are outlined in the Memorandum of Agreement that is signed by both the state and the FAA. Unless specifically waived in the Memorandum of Agreement, the state must ensure that all applicable statutory and regulatory requirements in this Handbook are met.

6-14. Responsibilities Retained by the FAA.

The FAA has determined that there are key functions that must be retained by the FAA. The ADO cannot delegate these functions to the state. The specific functions that must be retained by the FAA are maintained by APP-520 in the current standard Memorandum of Agreement template.

6-15. Legislative History and List of Participants.

49 USC § 47128 authorizes the FAA to allow no more than ten states to administer block grants for the nonprimary airports in the state. Table 6-7 contains the history of the State Block Grant Program and Table 6-8 contains a list of the approved State Block Grant participants.

Table 6-7. History of the State Block Grant Program

Date	Major Milestones
December 30, 1987	The Airport and Airway Safety and Capacity Expansion Act of 1987 was passed. Section 116 of this Act amended the Airport and Airway Improvement Act of 1982, by adding new section 534 entitled State Block Grant Pilot Program.

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Table 6-7. History of the State Block Grant Program

Date	Major Milestones
October 20, 1988	14 CFR Part 156, State Block Grant Pilot Program, was published in 53 Federal Register 41303 (October 20, 1988).
October 1, 1989	This State Block Grant Pilot Program became effective and allowed three states to apply for the program.
October 31, 1992	The Airport and Airway Safety, Capacity, Noise Improvement, and Intermodal Transportation Act of 1992 extended the State Block Grant Program until 1996. This Act also authorized the issuance of block grants for fiscal years 1993 through 1996 in four additional states (for a total of seven).
October 9, 1996	The Federal Aviation Reauthorization Act of 1996 authorized one new state block grant participant (for a total of eight) and made the State Block Grant Program a permanent feature of AIP.
April 4, 2000	The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) authorized one new state block grant participant in fiscal years 2000 and 2001 (for a total of nine) and an additional state block grant participant after fiscal year 2001 (for a total of ten).

Table 6-8. State Block Grant Participants

State	Fiscal Year Selected	Fiscal Year Exited Program
(1) Illinois	1989	N/A
(2) Missouri	1989	N/A
(3) North Carolina	1989	N/A
(4) Michigan	1993	N/A
(5) New Jersey (no longer in program)	1993	2003
(6) Texas	1993	N/A
(7) Wisconsin	1993	N/A
(8) Tennessee	1997	N/A
(9) Pennsylvania	1997	N/A
(10) New Hampshire	2008	N/A

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Table 6-8. State Block Grant Participants

State	Fiscal Year Selected	Fiscal Year Exited Program
(11) Georgia	2008	N/A

6-16. State Block Grant Program Application.

The FAA will accept applications for the State Block Grant Program at any time – there is no set application schedule. To do this, the state simply sends a letter of request with the information listed in Table 6-9 to the ADO.

States are encouraged to check with the FAA prior to submitting an application to determine if there are any available slots in the program. If a state is accepted into the program, the state can remain in the program until the state decides they want to withdraw from the program or the FAA suspends or terminates their participation.

Table 6-9. State Block Grant Application Information

The state must describe…
a. The state's organization and capabilities to affectively administer a block grant program.
b. The state's ability including the National Environmental Policy Act of 1969, state and local environmental policy acts, executive orders, agency regulations, and other federal environmental requirements.
c. The state's airport system planning process.
d. The state's programming process.
e. The state's willingness and ability to comply with the State Block Grant Assurances.
f. The state's willingness and ability to comply with the National Environmental Policy Act of 1969, state and local environmental policy acts, Executive orders, agency regulations, and other federal environmental requirements.
g. The state's willingness and ability to provide all program information that is requested by the FAA.
h. The state's process for determining which projects will be funded, including: **(1)** The state's process for ensuring that critical safety, and security, and other national aviation priority needs will be met. **(2)** The state's system for determining a project's priority and how this process is consistent with the FAA's national priority system.

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6-17. FAA Selection of State Block Grant Participants.

49 USC § 47128 (b) and (c) describes the criteria that the FAA must use to select a state for the State Block Grant Program. These criteria are listed in Table 6-10. The ADO must review the state's request against the criteria in this table and make a recommendation to the regional office. The regional office must then make a recommendation to APP-520, who is responsible for the final determination. The ADO is responsible for notifying the sponsor of the FAA's official determination.

Table 6-10. State Block Grant Selection Criteria

In order for the FAA to select a state for the State Block Grant Program, the FAA must determine that…
a. The state has an organization capable of effectively administering a block grant program.
b. The state uses a satisfactory airport system planning process.
c. The state uses a programming process that is acceptable to the FAA.
d. The state is both willing and able to comply with the State Block Grant Assurances.
e. The state is both willing and able to provide all program information that is requested by the FAA.
f. The state is both willing and able to comply with the National Environmental Policy Act of 1969, state and local environmental policy acts, Executive orders, agency regulations, and other federal environmental requirements.
g. The state uses a satisfactory process for determining which projects will be funded, including: **(1)** A satisfactory process for ensuring that critical safety, and security, and other national aviation priority needs will be met. **(2)** A satisfactory process for determining a project's priority that is consistent with the FAA's national priority system.

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6-18. Memorandum of Agreement.

As of the publication date of this Handbook, it is FAA policy that the state and the FAA must enter into a State Block Grant Program Memorandum of Agreement in order for the state to qualify for grants under the program. The FAA officially documents that the selection criteria have been met by executing a State Block Grant Program Memorandum of Agreement (MOA) with the state. The ADO must retain a signed original of the executed State Block Grant Program MOA and forward a copy to APP-520.

This MOA outlines the responsibilities of the state and the FAA under the State Block Grant Program. APP-520 maintains the current standard template for this MOA that the ADO must use.

6-19. Criteria for an Airport to be in the State Block Grant Program.

Table 6-11 contains the criteria for an airport to be in the State Block Grant Program.

The state and the FAA have the option to allow specific airports to remain outside of the State Block Grant Program. This would mean that the administrative responsibilities would remain in the ADO. Both the state and the FAA must agree with this action, otherwise the airport must stay within the State Block Grant Program. The ADO must include a list of these airports in the MOA and must include the process for these airports to compete for state apportionment. In addition, the ADO provides this list annually to APP-520.

Table 6-11. Criteria for an Airport to be in the State Block Grant Program

In order for an airport to be eligible to be in a State Block Grant Program, the airport must be…
a. In the National Plan of Integrated Airport System (NPIAS).
b. Within the state boundaries of a block grant state.
c. An existing (not planned) public-use airport.
d. A general aviation, reliever, or nonprimary commercial service airport (primary airports are not eligible.)
e. Listed as a block grant airport in the State Block Grant Program Memorandum of Agreement between the state and the FAA.

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6-20. ADO Right to Issue Grants Directly to Airports in the State Block Grant Program.

The ADO retains the right to issue a grant directly to an airport in the state block grant for small airport funds per 49 USC § 47116(c). However, this would be a rare occurrence and would normally only be done by the ADO to address an unusual circumstance.

6-21. Decision Authority for Discretionary Funds.

As of the publication date of this Handbook, it is FAA policy that the FAA retains the decision authority regarding which airport projects will be funded with discretionary. The current APP-520 discretionary policy applies to these projects.

6-22. Grant Federal Share.

The federal share rules for state block grants and their associated subgrants are included in Table 4-7.

6-23. Grant and Amendment Processes.

The ADO issues one or more grants to the state each year for the state's available nonprimary entitlement, state apportionment, and cargo funds (where applicable). The ADO also has the option of issuing additional grants to the state with discretionary funds at specific airports. The state then issues the individual nonprimary subgrants in its state.

The grant and amendment processes for the State Block Grant Program are incorporated in the applicable sections of Chapter 5.

6-24. Transfer of AIP Funding between Airports.

The rules for transferring funding between airports within the State Block Grant Program are included in Table 6-12.

Table 6-12. AIP Funding Transfer Rules for the State Block Grant Program

For the following funding type…	The following transfer rules apply…
a. State Apportionment	None.
b. Passenger, Cargo, and Nonprimary Entitlement	The state must follow the transfer rules provided in Paragraph 4-8.
c. Discretionary	Per FAA policy, states are prohibited from transferring ADO assigned discretionary to another airport or project, or using unused discretionary for new projects. This policy aligns the use of discretionary between state block and non-state block grants.

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6-25. Project Eligibility and Allowable Costs.

AIP requirements for airport project eligibility and allowable cost (see Chapter 3) are the same for states receiving a block grant as they would be if the ADO were administering the project. The ADO has the final call in eligibility determinations where there are disagreements with the states interpretation.

6-26. Project Administrative Costs.

The state can charge for *project administrative* costs that would otherwise be an allowable cost for the *project* (normally done by a consultant or other hired company). Paragraph 3-56 outlines the requirements for the cost for a state's employee's time as well as overhead costs (anything more than direct employee's time).

6-27. Program Administration Costs.

State *program administration* costs are unallowable. These are costs that would be incurred by the ADO if the FAA were administering the grant. Per FAA Policy, exemptions from this prohibition are no longer being considered.

6-28. Required Timeframe to Issue Subgrants.

It is FAA policy that the state must issue all funding to subgrants within four years of the end of the fiscal year the state block grant was issued, or must request that the ADO deobligate the funds. If the state does not do this, the ADO has the option to unilaterally deobligate the funds and close the grant.

6-29. Grant/Project Oversight.

Unless otherwise stated in the State Block Grant Program Memorandum of Agreement, all of the project and grant oversight requirements in Chapter 5, Section 5 apply.

6-30. Grant Payments.

The rules for grant payments for state block grants are included in Chapter 5, Section 6.

6-31. Grant Closeout.

The rules for grant payments for state block grants are included in Chapter 5, Section 8.

6-32. Program Review by the FAA.

The FAA has the option of reviewing a state's administration of the State Block Grant Program. The state must provide all documentation requested by the FAA.

6-33. Accounting and Audits.

States must have an accounting system that accurately reflects expenditures of all funding within a state block grant. State block grants and subgrants are subject to the same audit requirements as any other AIP grant.

6-34. Suspension/Termination of a Grant Issued under the State Block Grant Program.

The FAA has the option to suspend and/or terminate any state block grant. The procedures are listed in Chapter 5, Section 9. The ADO must assume the administrative responsibilities associated with the suspended grant. This is not the same as suspending a state from the program, which is covered in Paragraph 6-35.

6-35. Suspension of a State from the State Block Grant Program.

The FAA has the option to suspend a state from the State Block Grant Program if the FAA determines the State fails to comply with mandatory requirements. The FAA must use the criteria used for admitting the state to the program (see Paragraph 6-17) and the conditions in the

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State Block Grant Memorandum of Agreement to make this decision. The FAA must also work with the state to determine a course for corrective action and a time frame in which it will be completed by the state.

If a state is suspended, the ADO must assume the ADO must assume the administrative responsibilities associated with the program. Prior to suspension, the ADO must obtain copies of all subgrants (open or closed).

6-36. Removal or Voluntary Withdrawal from the State Block Grant Program.

States may voluntarily withdraw from the State Block Grant Program. In addition, failure of states to comply with block grant conditions or regional agreements may result in the FAA removing the state from the program.

a. APP-1, APP-500, and ACO-100 Coordination/Concurrence. The ADO must coordinate and obtain concurrence from APP-1, APP-500, and ACO-100 prior to initiating withdrawal or removal of a state from the State Block Grant Program.

b. Negotiations on Transfer of Responsibilities from State to ADO. Unless the FAA determines otherwise, the ADO and the state have the option to negotiate the transfer of responsibilities from the state to the ADO. For instance, the ADO might request to phase out the state's participation in the program starting with selected categories of airports or projects.

c. Amendment to Memorandum of Agreement. The State Block Grant Program Memorandum of Agreement must be amended to reflect the transfer of responsibilities to the ADO. The memorandum must list all open and closed subgrants and must indicate what documentation must be transferred to the ADO. The ADO must obtain APP-500 and ACO-100 concurrence with the memorandum before it is executed by the ADO.

d. State Reapplication after Termination. A terminated state can reapply to be in the State Block Grant Program under the same application procedures for a new applicant.

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Section 3. Military Airport Program.

6-37. General.

The Military Airport Program (MAP) allows the FAA to give grants to civil sponsors of joint-use military airfields or former military airports.

6-38. AIP Funding.

49 USC § 47117(e)(1)(B) designates a four percent set-aside of AIP discretionary funds that the FAA may use towards projects at MAP designated airports. The FAA normally directs MAP funding towards those specific projects that will allow a MAP designated airport to successfully transition from military to civilian use.

6-39. Designation Authority.

49 USC § 47118(a) allows the FAA to designate up to 15 current or former military airfields in the Military Airport Program. These airports can receive grants to help convert them to civilian use or to reduce congestion. Per 49 USC § 47118(g), three of the 15 airports may be general aviation airports and the remaining twelve must be commercial service or reliever airports.

6-40. Original MAP Designation Duration.

The FAA has the option to designate an airport as a MAP airport for one to five years per 49 USC § 47118(d). Per FAA policy, the FAA must evaluate the conversion needs of the airport in the sponsor's capital development plan to determine the appropriate length of designation.

6-41. Redesignation Duration.

Previously designated airports may apply for redesignation of additional terms not to exceed five year per term per 49 USC § 47118(d). Those airports must meet current MAP requirements and, per FAA policy, have remaining MAP eligible projects that were not funded by the FAA. The FAA's goal is to graduate MAP airports to regular AIP participation by successfully converting these airports to civilian airport operations.

6-42. Requirements.

Sponsors must submit documentation that clearly shows they meet the 49 USC § 47118 and FAA policy requirements listed in Table 6-13.

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Table 6-13. MAP Requirements

For the following requirement…	The following criteria apply…
a. System Benefits	Per 49 USC § 47118(c), the proposed projects will accomplish at least one of the following: **(1)** Reduce delays at an airport with more than 20,000 hours of annual delays in commercial passenger aircraft takeoffs and landings **(2)** Enhance airport and air traffic control system capacity in a metropolitan area or reduce current and projected flight delays. **(3)** Preserve or enhance minimum airfield infrastructure facilities at former military airports to support emergency diversionary operations for transoceanic flights in locations where both of the following criteria are met: **(a)** The location is within United States jurisdiction or control. **(b)** The location has a demonstrable lack of diversionary airports within the distance or flight-time required by regulations governing transoceanic flights.

Table 6-13. MAP Requirements

For the following requirement…	The following criteria apply…
b. Current or Former Military Airport	Per 49 USC § 47118(a), the airport is either a current or former military airport under at least one of the following conditions: **(1)** The airport was closed or realigned under Section 201 of the Defense Authorization Amendments and Base Closure and Realignment Act, and/or Section 2905 of the Defense Base Closure and Realignment Act of 1990 (Installations Approved for Closure by the Defense Base Realignment and Closure Commissions). Only public agencies qualify under these acts. **(2)** The airport was closed or realigned under 10 USC § 2687 as excess property. These are bases announced for closure by the Department of Defense after September 30, 1977 (this is the date of announcement for closure and not the date the property was deeded to the sponsor). Only public agencies qualify under this regulation. **(3)** The airport is a commercial service or reliever airport that is a military installation with both military and civil aircraft operations (also called a joint use airport). Per 49 USC § 47118(g), a joint use airport that is not a commercial service or reliever airport is not eligible under MAP unless the airport meets conditions (1) or (2) above.
c. Public-Use Airport	Per 49 USC § 47105(b)(2), the airport is a public-use airport (see the definition Appendix A for the criteria).
d. MAP Slots are Available	Per 49 USC § 47118(a) and § 47118(g), three of the 15 airports may be general aviation airports and the remaining twelve must be commercial service or reliever airports.
e. Eligible Sponsor	The sponsor is an eligible sponsor per the requirements of the Act (see Chapter 2 for a listing of the requirements).
f. Airport Layout Plan	Per 49 USC § 47107(a)(16), the airport has an FAA approved airport layout plan.
g. Capital Improvement Plan	Per FAA policy, the sponsor has a five-year capital improvement plan that includes all eligible AIP projects that can be funded with MAP and AIP.
h. Environmental Requirements	Per FAA policy, the environmental review necessary to convey the property, enter into a long-term lease, or finalize a joint-use agreement must have been completed. The military department conveying or leasing the property, or entering into a joint-use agreement, has the lead responsibility for this environmental review. Per FAA policy, the environmental reviews for each specific MAP project are separate processes. These environmental reviews must meet the normal AIP requirements and timeframes.

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Table 6-13. MAP Requirements

For the following requirement…	The following criteria apply…
i. Good Title	Per 49 USC § 47106(b), the sponsor has to have good title. Per FAA policy, good title requirements are as follows: **(1) Former Military Airport.** The sponsor must hold or will hold satisfactory title, a long-term lease in furtherance of conveyance of property for airport purposes, or a long term interim lease more than 20 years or longer to the property on which the civil airport is being located. This is because the lease term must be longer than the grant assurances for AIP construction projects. Documentation that an application for surplus or BRAC airport property has been accepted by the federal government is sufficient to indicate the eligible sponsor holds or will hold satisfactory title or a long-term lease. In addition, the sponsor must possess all necessary property rights prior to accepting a grant for a proposed project. **(2) Current Military Airport**. The sponsor must have an existing joint-use agreement with the military department having jurisdiction over the airport. If the sponsor is a first time applicant, the sponsor must submit a copy of the existing joint-use agreement no later than the time of the application. This is necessary to permit the ADO to issue grants to the sponsor. In addition, the sponsor must possess all necessary property rights prior to accepting a grant for a proposed project.
j. Marketing Plan	For a commercial service airport to qualify for redesignation, it is FAA policy that the sponsor must provide a reanalysis of their original business/marketing plans (for example, a plan previously funded by the Department of Defense Office of Economic Adjustment or the original Master Plan for the airport) and prepare a report. If there is no existing business/marketing plan, the sponsor must develop a business/marketing plan or strategy. The report must contain all of the following information: **(1)** Whether the original business/marketing plan is still appropriate. **(2)** Whether the airport is continuing to work towards the goals established in the business/marketing plan. **(3)** How the MAP projects contained in the application contribute to the goals of the sponsor's marketing plan. **(4)** If the business/marketing plan no longer applies to the current goals of the airport, how the airport has altered the business/marketing plan. Specifically, how have they established a new direction for the facility, how projects contained in the MAP application aid in the completion of the new direction and goals, and by what date they anticipate completing the MAP projects.

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6-43. Typical MAP Projects.

The FAA will normally only consider MAP funding for projects that aid in the conversion of a military or former military facility to civilian use. These projects can include revenue generating

projects that may not normally be eligible at the airport. These projects can also include lower priority AIP project that would not compete well for regular discretionary funding. A list of the MAP project requirements is contained in Appendix T.

It is FAA policy to use regular discretionary or entitlement funding, not MAP funding, for projects that compete well for discretionary funding or are not necessary to convert the airport to civilian use. Some examples of projects that APP-520 would anticipate an ADO use regular AIP funding are in Table 6-14.

Table 6-14. Examples of Projects That May Not Be Suitable for MAP Funding.

For the following project…	May not be suitable for MAP funding because…
a. Runway rehabilitation	This type of project normally competes well for regular AIP funding.
b. A runway extension	This type of project is normally not necessary to convert the airport to civilian use (most military runways are a suitable length for civilian use).

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6-44. Use of Regular AIP on a MAP Designated Airport.

MAP designated airport projects are not limited to MAP funding. They may also qualify for other AIP funding if they meet all associated project eligibility and justification requirements. In fact, it is FAA policy that the ADO not recommend an airport for the MAP program unless the ADO is willing to support the airport's needs for higher priority projects with regular discretionary funding (if necessary).

6-45. MAP Funding Limitations.

Per 49 USC § 47118(e), total MAP funding may not exceed $7 million per year per airport for terminal projects. Per 49 USC § 47118(f), total MAP funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less.

6-46. Reimbursement with Discretionary.

Per 49 USC § 47118(f)(2), the FAA has the option to use discretionary to reimburse approved MAP projects if the sponsor incurred the costs during fiscal years 2003 and 2004.

6-47. Application Process.

A Federal Register Notice is published every year that provides a list of the information that a sponsor must submit if it wants to be designated or redesignated into the MAP program. The Federal Register Notice also announces the number of available MAP slots and the factors that the FAA will use to evaluate the MAP candidates for that fiscal year.

Each fiscal year, APP-520 will provide the regional offices and ADOs with instructions for the current internal MAP application review process.

Section 4. Innovative Finance Demonstration Program.

6-48. Legislative History.

Section 148 of the Federal Aviation Reauthorization Act of 1996 (Public Law 104-264) established an innovative finance demonstration program under AIP. This program has been retained in subsequent legislation (49 USC § 47135) as outlined in Table 6-15.

Table 6-15. Innovative Finance Demonstration Program Legislation

The following legislation…	Provided the following…
a. The Federal Aviation Reauthorization Act of 1996	Established the program and allowed the FAA to approve applications for 10 airport development projects.
b. AIR -21 (Wendell H. Ford Aviation Investment and Reform Act for the 21st Century)	Allowed the FAA to approve applications for 20 airport development projects during fiscal years 2000-2003.
c. Vision 100 – Century of Aviation Reauthorization Act	Allowed the FAA to approve applications for 20 airport development projects beginning in fiscal year 2004 and beyond.
d. The FAA Modernization and Reform Act of 2012	Retained the program without change.

6-49. Program Rules.

The rules for the innovative finance demonstration program are included in Table 6-16.

Table 6-16. Innovative Finance Demonstration Program Rules

The current Innovative Finance Demonstration Program rules include…
a. Eligible Airports. Per 49 USC § 47135(a), the program is open to all airports except large and medium hub airports. Only 20 airport development projects may be approved beginning in fiscal year 2004.
b. No Guarantee of Debt Instruments. Per 49 USC § 47135(c)(1), FAA approval of the project does not (directly or indirectly) create a guarantee by the United States Government of any airport debt instrument.

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Table 6-16. Innovative Finance Demonstration Program Rules

The current Innovative Finance Demonstration Program rules include…
c. Allowable Innovative Techniques. Per 49 USC § 47135(c)(2), the program is limited to the following innovative techniques. **(1)** Payment of interest. **(2)** Commercial bond insurance and other credit enhancement associated with airport bonds for eligible airport development. Per FAA policy, this may include underwriting fees. **(3)** Flexible non-federal matching requirements. Per FAA policy, this may include increased local and state shares using contribution from private sources. Per FAA policy, this technique has been adequately tested; therefore the FAA is less inclined to pursue future uses of these techniques. **(4)** Use of entitlement and state apportionment funds to pay principal and interest costs for terminal development if the costs were incurred before December 12, 2003 (the date of the enactment of Vision 100 – Century of Aviation Reauthorization Act). Per FAA policy, this technique has been adequately tested, therefore the FAA is less inclined to pursue future uses of these techniques.
d. Justification. Per FAA policy, the sponsor must demonstrate that the innovative finance proposal will result in cost savings or improved performance of the national aviation system. For instance, the might show that the airport development would either not be built or would be built earlier than would have been possible without the program.
e. Application Deadline. Per FAA policy, sponsors may submit an innovative finance demonstration application to the ADO at any time unless otherwise established by APP-500.
f. Project Selections. Per FAA policy, ADOs must forward all applications to APP-500 for their review. APP-500 will approve or disapprove all project applications.
g. Normal AIP Requirements. Per FAA policy, all other applicable AIP sponsor, funding, project, and grant rules apply. Changes to FAA standards will not be considered under this program.
h. Additional Sponsor Reporting. Per FAA policy, sponsors must submit all additional documentation and reporting as required by the ADO.

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Section 5. Voluntary Airport Low Emission Program (VALE).

6-50. Legislative History.

In fiscal year 2004, Sections 151, 158 and 159 of Vision 100 – Century of Aviation Reauthorization Act established a voluntary program to reduce airport ground emissions at commercial service airports located in nonattainment and maintenance areas designated by the U.S Environmental Protection Agency.

6-51. Legislative References.

Table 6-17 contains the legislative references applicable to the VALE program.

Table 6-17. VALE Legislative References

The following…	Provides...
a. 49 USC § 47102(3)(K) and § 47102(3)(L)	The language that makes certain VALE projects eligible as airport development.
b. 49 USC § 47110(b)(6)	Guidance on VALE project funding restrictions.
c. 49 USC § 47117(e)(1)(A)	Guidance on the use of noise and environmental set aside funding.
d. 49 USC § 47139	Guidance on emission credits for air quality projects.
e. 49 USC § 47140	Guidance on the airport ground support equipment emissions retrofit pilot program.

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6-52. Purpose and General Overview.

The goal of the Voluntary Airport Low Emission (VALE) Program is to improve airport air quality by providing commercial service airports with grants to purchase low emission vehicles and infrastructure. The VALE Program helps airport sponsors meet their general conformity obligations under the Clean Air Act (42 USC § 7401). It also assists state planning to meet health-based national ambient air quality standards.

The airports must be located in nonattainment or maintenance areas designated by the Environmental Protection Agency (EPA). Some of the key equipment requirements are that the equipment must provide cleaner technology then the conventional equipment, be airport-owned, provide the best achievable emissions reductions based on EPA standards, and rely exclusively on alternative fuels that are substantially non-petroleum based (as defined by the U.S. Department of Energy, not excluding hybrid systems). Typical projects include gate electrification, boiler pollution control devices, and new or retrofitted low emission vehicles and ground support equipment.

6-53. Available Guidance.

The authorizing legislation requires the FAA to publish program guidance in areas of project eligibility, how air quality benefits are demonstrated, and how sponsors receive appropriate airport emission reduction credits. Specific program guidance is contained in the VALE Program Technical Report, which is available on the FAA Office of Airports website (see Appendix B for link) under the Environmental Program section. Associated guidance on airport emission reduction credits is contained in the EPA Report, Guidance on Airport Emission Reduction Credits for Early Measures through Voluntary Airport Low Emission Programs, which is available on the same website.

6-54. Application and Grant Process.

Sponsors interested in applying for VALE grants must submit a project application as outlined in the VALE Technical Report. VALE requirements and special conditions supplement AIP requirements and grant assurances unless otherwise stated in VALE guidance. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations. Sponsors must submit VALE applications concurrently to the ADO, regional office and APP-400. VALE grants are processed similarly to other AIP grants.

APP-400 determines funding priority primarily on the basis of project cost-effectiveness, as defined by project lifetime emission reductions per dollars spent.

6-55. Project Funding Requirements.

Appendix S includes the funding requirements for environmental planning/mitigation projects, including VALE projects.

Section 6. Zero Emission Vehicle and Infrastructure Pilot Program.

6-56. Legislative History.

In fiscal year 2012, Section 511 of the FAA Modernization and Reform Act of 2012 added a pilot program for zero emission vehicles and infrastructure.

6-57. Legislative References.

Table 6-18 contains the legislative references applicable to the zero emission vehicle and infrastructure pilot program.

Table 6-18. Zero Emission Vehicle and Infrastructure Pilot Program Legislative References

The following…	Provides...
49 USC § 47117	Guidance on the use of set aside funding for these projects. (Note: The only set aside discretionary funding that the FAA anticipates using toward these projects is Noise and Environmental Set Aside funding, even though 49 USC § 47117 includes MAP and Reliever Set Aside funding.)
49 USC § 47136a	Guidance on zero emission airport vehicles and infrastructure. (Note that this section is *after* 49 USC § 47136, not part of it.)

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6-58. Purpose.

The goal of the Zero Emission Vehicle and Infrastructure Pilot Program is to improve airport air quality by providing eligible airports with grants to purchase zero emission airport vehicles and infrastructure.

6-59. Available Guidance.

Specific program guidance is contained in the Zero Emissions Airport Vehicle and Infrastructure Pilot Program Technical Guidance, which is available on the FAA Office of Airports website (see Appendix B for link) under the Environmental Program section.

6-60. Application and Grant Process.

ADOs and regional offices must contact APP-400 for application information and APP-500 for grant information.

6-61. Project Funding Requirements.

Appendix S includes the funding requirements for environmental planning/mitigation projects, including zero emission airport vehicles and infrastructure projects. The federal share for these projects is restricted to 50 percent per 49 USC § 47136a(d). These projects are eligible for noise and environmental set aside funding 49 USC § 47136a(a), as further discussed in Paragraph 4-6.

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Section 7. Program to Increase Energy Efficiency of Airport Power Sources.

6-62. Legislative History.

In fiscal year 2012, Section 512 of the FAA Modernization and Reform Act of 2012 added a program for certain projects that increase the energy efficiency of airport power sources. This legislation simply made these projects eligible for AIP. The legislation did *not* make these projects eligible for any special set aside funding (including the noise and environmental set aside).

6-63. Legislative References.

Table 6-19 contains the legislative references applicable to the program to increase the energy efficiency of airport power sources.

Table 6-19. Program to Increase the Energy Efficiency of Airport Power Sources Legislative References

The following…	Provides...
49 USC § 47140a	Guidance on increasing the energy efficiency of airport power sources. (Note that this section is *after* 49 USC § 47140, not part of it.)

6-64. Purpose.

The goal of the program to increase the energy efficiency of airport power sources.

6-65. Available Guidance.

As of the publication date of this Handbook, APP-400 was developing guidance for the program to increase the energy efficiency of airport power sources. Until this new guidance is published, ADOs and regional offices must contact APP-400 for guidance.

6-66. Application and Grant Process.

As of the publication date of this Handbook, APP-400 was developing guidance for the program to increase the energy efficiency of airport power sources. Until this new guidance is published, ADOs and regional offices must contact APP-400 for application information and APP-500 for grant information.

6-67. Funding and Federal Share.

Because 49 USC § 47117(e)(1)(A) limits the funding of the noise and environmental set-aside to specific projects, projects to increase the energy efficiency of airport power sources are *not* eligible for noise and environmental set aside funding. In addition, the airport's regular federal share applies.

6-68. Project Funding Requirements.

Appendix S includes the funding requirements for environmental planning/mitigation projects, including airport energy assessments and projects to increase the energy efficiency of airport power sources.

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Section 8. Airport Development Rights Pilot Program

6-69. Legislative History.

In fiscal year 2004, Section 152 of Vision 100 – Century of Aviation Reauthorization Act created a pilot program for the purchase of development rights for up to 10 privately-owned public-use airports. The rules for this pilot program are captured in 49 USC § 47138. This pilot program allows the FAA to issue a grant to a state (or a political subdivision of the state) for the purchase of airport development rights to ensure the airport property will continue to be available for use as a public use airport in perpetuity (in this case, *public use airport* means that the airport is open to the public). Through this pilot program, the FAA will evaluate the merits of purchasing airport development rights instead of the purchase of fee simple interests for the airports.

6-70. Rules of the Pilot Program.

The rules and requirements of the pilot program are outlined in Table 6-20.

Table 6-20. Rules for the Airport Development Rights Pilot Program

The requirements for …	Include…
a. The Number of Participants	**(1)** Per 49 USC § 47138(e), the FAA is only allowed to issue grants to purchase airport development rights at 10 airports under this pilot program.
b. The Airport and Airport Owner	**(1)** Per 49 USC § 47138(a), the airport must be a privately-owned public-use airport. **(2)** Per FAA policy, the airport owner must have filed a notice with the ADO in accordance with 14 CFR Part 157, Notice of Construction, Alteration, Activation, and Deactivation of Airports, indicating that the airport status is privately-owned, public-use. **(3)** 49 USC § 47138 does not require the airport to meet the privately-owned public-use airport requirements in 49 USC § 47102(22)(B) or to be in the National Plan of Integrated Airports (NPIAS). **(4)** Per FAA policy, the airport owner must not have any existing grant obligations requiring the airport to remain open.
c. The Grant Sponsor	**(1)** Per 49 USC § 47138(a), the sponsor must be a state or a political subdivision of a state (such as a city, municipality, or state agency) in the same state as the airport.
d. The Grant Purpose	**(1)** Per 49 USC § 47138(b)(1)(A), the airport property must continue to be available for use as a public airport (in this case, *public airport* means that the airport is open to the public). **(2)** Per 49 USC § 47138(b)(1)(B), the airport must remain a public use airport in perpetuity.
e. Requesting Participation	**(1)** Per FAA policy, the FAA may contact potentially interested owners and/or sponsors at any time and informally invite them to express interest in the pilot program. **(2)** Per FAA policy, the sponsor must express interest in a letter to the FAA. If the airport owner does not cosign the letter, then the sponsor must indicate that the airport owner has agreed in the sponsor's letter.
f. The Selection	**(1)** Per FAA policy, the regional office will send a joint ADO/regional office recommendation to APP-500. APP-500 is the selecting office. Once an airport has been selected, the ADO will inform the sponsor of the selection and request a grant application.

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Table 6-20. Rules for the Airport Development Rights Pilot Program

The requirements for …	Include…
g. The Grant Application	**(1)** 49 USC § 47138(c) requires that the FAA set the requirements for the grant application and approval procedures. **(2)** Per FAA policy, the sponsor must use the standard grant application as discussed in Paragraph 5-19. **(3)** Per FAA policy, grant application must include an property inventory map (Exhibit A) that is approved by both the sponsor and the airport owner and clearly shows the land and development subject to the agreement. **(4)** Per FAA policy, the airport owner must provide a letter to the FAA describing its concept for ownership and operation of the airport over the next ten years. **(5)** Per FAA policy, if the airport owner does not operate the airport, the airport owner must provide a copy of the associated lease or agreement. **(6)** Per FAA policy, the ADO must determine whether the costs of the proposed grant are less than buying the airport outright. The issuance of the grant documents a positive determination by the ADO. **(7)** Per FAA policy, the sponsor must provide a signed certification from their attorney as outlined in Table 6-21. **(8)** The FAA has the option of not issuing a grant for the purchase of airport development rights if the FAA determines that it is not in the best interest of the federal government or that the requirements will not be met.
h. Option for FAA Site Visit	**(1)** Per FAA policy, airport owner must agree to allow a site inspection by the FAA and sponsor prior to the grant being issued.
i. FAA Coordination	**(1)** Per FAA policy, the ADO must discuss the terms and conditions of the pilot program with the airport owner as well as the sponsor to ensure both parties understand their obligations.
j. Acquisition	**(2)** Per FAA policy, the FAA, sponsor, and airport owner musts follow the same policies and procedures for airport acquisition in fee simple as contained in Appendix Q. This includes meeting the requirements of the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects.
k. AIP Fund Types	**(1)** 49 USC § 47138(a) allows all types funding except discretionary to be used on this type of grant. This includes all types of entitlements and apportionments listed covered under 49 USC § 47114.
l. AIP Federal Share	**(1)** Per 49 USC § 47138(b)(2), the federal share is limited to 90% of the costs to acquire the development rights.

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Table 6-20. Rules for the Airport Development Rights Pilot Program

The requirements for …	Include…
m. AIP Grant Description and Amount	**(1)** Per FAA policy, the FAA can only compensate the airport owner for the market value of the development rights sold based on an acceptable before and after appraisal. Under this appraisal method, the market value of the development rights conveyed is appraised at the difference between the market value of the property for continued airport use and the current market value of the property for some other development. **(2)** Per FAA policy, planning costs to prepare the Exhibit A and/or associated documentation are allowable project formulation costs under the grant (not as a separate grant). **(3)** Per FAA policy, the property interests must be for a complete airfield or those combined parcels that collectively allow the airport to serve as a public-use airport. The property interests cannot be for only select areas of the airport (such as only the runway protection zones).
n. Grant Template	**(1)** The ADO must consult with APP-500 on how the standard grant template must be modified for a grant of this type.
o. Instrument Recording the Purchase of Airport Development Rights	**(1)** Per FAA policy, the instrument recording the purchase of airport development rights must include all of the terms and conditions listed in Table 6-22. The instrument recording the purchase of development rights is the document evidencing the purchase of the airport development rights by the sponsor, and the easement or covenant given by the airport owner that the airport must remain a public-use airport in perpetuity.
p. Grant Assurances	**(1)** Per FAA policy, the standard grant assurances (Sponsor, Planning Agency, or Non-Sponsors Undertaking Noise Compatibility Program Projects) must not be included in the grant. Instead, the requirements in Table 6-22 must be contained in the instrument recording the purchase of airport development rights, as discussed above.
q. Final Payment	**(1)** Per FAA policy, ADO must not allow the payment for the full amount of the grant until the instrument recording the purchase of development rights and easement has been recorded in the local registry of deeds and land transfers in compliance with local law.
r. Release of Purchase Rights and Covenant	**(1)** Per 49 USC § 47138(d), the state or political subdivision may not transfer or dispose of the development rights unless the FAA determines that it is in the best interest of the federal government.
s. Advisory Circular for Airport Safety Self-Inspection	**(1)** Per FAA policy, the ADO has the option to provide the airport owner/operator with the current version of Advisory Circular 150/5200-18, Airport Safety Self Inspection.

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Table 6-21. Required Sponsor's Attorney Certification Language

The following certification language must be completed and signed by the sponsor's attorney…
CERTIFICATE OF SPONSOR'S ATTORNEY I, _____ , acting as Attorney for the sponsor do hereby certify: that in my opinion the sponsor is empowered to file the Application for Federal Assistance for the purchase of development rights in accordance with Title 49, United States Code, section 47138, under the laws of the State of _____and has the authority from its governing body. Further, the actions taken by said sponsor and sponsor's representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State. Dated at this day of _____, _____. By _____ (Signature of Sponsor's Attorney)

Table 6-22. Requirements for the Instrument Recording the Purchase of Airport Development Rights

Per FAA policy, the instrument recording the purchase of airport development rights must include the following terms and conditions…
a. Exhibit A (Property Inventory Map). Parcels of land obligated under the development rights agreement must be described on the Exhibit A. The Exhibit A must be approved by both the sponsor and the airport owner.
b. Notice to Airmen. The airport owner must promptly notify pilots of any condition affecting aeronautical use of the airport property.
c. Acquisition of Development Rights. The acquisition of development rights by the sponsor is for the right to develop and use the property depicted on the Exhibit A for a purpose other than as an airport open to the public or enhancing convenience of aviation activities. The purpose of the acquisition of development rights is to ensure that the airport will continue to be available as a public use airport (in this case, *public use airport* means that the airport is open to the public).
d. Hazardous Substance. The FAA and state (or political subdivision of the state) do not assume any right to control the means by which the airport owner complies with restrictions on airport property; and do not assume any liability for discharge of a hazardous substance.
e. Public-Use Airport in Perpetuity. The airport owner, for good and valuable consideration, must grant the sponsor an easement or covenant that the airport must remain open to the public for use as an airport in perpetuity. Such easement or covenant must be in effect in perpetuity unless modified or released with the approval of the FAA.

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Table 6-22. Requirements for the Instrument Recording the Purchase of Airport Development Rights

Per FAA policy, the instrument recording the purchase of airport development rights must include the following terms and conditions…
f. Modification or Release of Purchased Rights and Covenant. The sponsor must not modify, transfer, or disposal of the airport development rights unless the FAA has made a written determination that the action is in the best interest of the federal government.
g. Recordation. The sponsor must record the instrument evidencing the purchase of development rights and the granting of the easement or covenant that the airport must remain open to the public for use as an airport in perpetuity, in the local registry of deeds and land transfers in compliance with local law.
h. Sponsor's Obligation for Airport Operation. The sponsor may be obligated to operate and maintain the airport if it is closed during other than periods of temporary climatic conditions that interfere with safe operation and maintenance. The airport owner and sponsor agree that in the event the airport owner discontinues safe airport operation and maintenance, the sponsor, in consultation with the FAA, may be required to assume that obligation.
i. Airport Owner's Obligation for Airport Operation in Perpetuity. The airport owner or its successor is obligated to own the airport and operate it as an airport except for periods of temporary climatic conditions that interfere with safe operation and maintenance. In the event the airport owner discontinues safe airport operation and maintenance, the airport owner must notify the FAA within 24 hours.
j. Enforcement of Development Rights by the FAA. The instrument recording the purchase of development rights must grant the FAA third party beneficiary rights to enforce the easement or covenant that the airport must remain a public-use airport in perpetuity and the sponsor's obligation for airport operation.

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Section 9. Redevelopment of Airport Properties Pilot Program

6-71. Legislative History.

In fiscal year 2012, Section 822 of the FAA Modernization and Reform Act of 2012 created a pilot program to fund activities related to the redevelopment of airport properties purchased for airport noise compatibility. Note that the pilot program language was not incorporated into 49 USC Chapter 471, therefore the text of the pilot program can only be found in Section 822 of the FAA Modernization and Reform Act of 2012.

6-72. Purpose.

The purpose of this pilot program is to expedite redevelopment of airport property purchased for noise mitigation by the airport with AIP or Passenger Facility Charge (PFC) funds.

6-73. Availability of Guidance.

Due to the short duration of the program (which will sunset on September 30, 2015) and the limited number of airports that may participate (a maximum of four), the detailed guidance for this pilot program will be issued in a separate program guidance letter (PGL). This guidance will not be included in this Handbook and the PGL will be cancelled once the four grants are issued or the program sunsets on September 30, 2015.

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Appendix A. Definitions of Terms Used in this Handbook

Definitions are an extremely important part of this Handbook. As with any large program, there are many words and phrases that have specific, defined meanings within the program. Table A-1 contains an alphabetical listing of the definitions used in this Handbook. The following letters are links to the appropriate alphabetical sections in Table A-1.

A	B	C	D	E	F	G	H	I	J	L	M	N	O	P	R	S	T	U	W

Table A-1. Definition of Terms Used in This Handbook

Definitions
A
Administrative Cost. Administrative costs are costs incurred in support of the general management and administration of the project, including all executive, organizational, and clerical costs rather than the specific costs like construction, or manufacturing. There are two types of Administrative Costs, Direct Administrative Costs and Indirect Administrative Costs. Direct administrative costs can be allowable costs in an AIP project if 1) it can be specifically documented to the project and 2) the ADO has approved the administrative costs in advance of incurring the administrative cost. OMB A-87 Appendix C establishes the procedures for calculating administrative costs. Indirect administrative costs cannot be readily identifiable with a particular project or cost objective. Indirect administrative costs can be allowed only if the ADO has an approved Cost Allocation Plan from the cognizant agency.
ADO. For the purposes of this Handbook, ADO means the local FAA Airports District Office. In regional offices that do not have ADOs, the use of the term ADO refers to the FAA Office of Airports branch within the regional office that deals directly with the sponsors. Where other FAA offices are discussed, those offices will be specifically identified.
Aeronautical Study. An aeronautical study is a study conducted to determine the effect a proposal has on the operation of air navigational facilities and on the safe and efficient use of navigable airspace. Aeronautical studies are also used by the FAA Office of Airports to coordinate airport construction projects and changes to Airport Layout Plans (ALPs) with the rest of the FAA.
Air Carrier Airport. Per 49 USC § 47102(1), an air carrier airport is a public airport regularly served by: **a.** An air carrier certificated by the Secretary of Transportation under 49 USC § 41102 of this title (except a charter air carrier); or **b.** At least one air carrier: **(1)** Operating under an exemption from section 49 USC § 41101(a)(1) that the Secretary grants; and **(2)** Having at least 2,500 passenger boardings at the airport during the prior calendar year.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Airport. Per 49 USC § 47102(2), an airport is: **a.** An area of land or water used or intended to be used for the landing and taking off of aircraft; **b.** An appurtenant area used or intended to be used for airport buildings or other airport facilities or rights of way; **c.** Airport buildings and facilities located in any of those areas; Per 49 USC § 47102(2)(B), this specifically includes heliports.
Airport Development. Airport development is a legal definition in 49 USC § 47102(3). This definition contains development projects that are eligible under AIP. This list is extensive and is therefore not duplicated in this table. However, this list is reflected throughout this Handbook (most specifically in Chapter 3 and the associated appendices).
Airport Hazard. Per 49 USC § 47102(4), a structure or object of natural growth located on or near a public-use airport, or a use of land near the airport, that obstructs or otherwise is hazardous to the landing or taking off of aircraft at or from the airport. The FAA Air Traffic Organization (ATO) must make this determination (per the current version of FAA Order JO 7400.2, Procedures for Handling Airspace Matters).
Airport Layout Plan. Per the current version of Advisory Circular 150/5070-6, Airport Master Plans, an airport layout plan is a set of drawings that provides a graphic representation of the long-term development plan for an airport. This plan must show both existing and proposed airport facilities and all proposed and existing access points used to taxi aircraft across the airports property boundary; the approval of which is evidenced by the signature of the FAA Administrator or his duly designated representative.
Airport Master Plan. Per the current version of Advisory Circular 150/5070-6, an airport master plan is a comprehensive study of the airport and typically describes short-, medium-, and long-term plans for airport development. Master planning studies that address major revisions are commonly referred to as master plans, while those that change only parts of the existing document and require a relatively low level of effort tend to be known as master plan updates.
Airport Planning. Per 49 USC § 47102(5)(C), airport planning means planning as defined by regulations the Secretary prescribes and includes: **a.** Integrated airport system planning. **b.** Developing an environmental management system. **c.** Developing a plan for recycling and minimizing the generation of airport solid waste, consistent with applicable state and local recycling laws, including the cost of a waste audit.
Airport Property Map. An airport property map is drawing depicting the airport property boundary, land or property interests (including method of acquisition and type of interest), and future proposed land acquisition. The Airport Property Map is required as part of the Airport Layout Plan drawing set if any of the airport land was acquired with federal funds or through an FAA administered land transfer program. An airport property map is not a substitute for an Exhibit A (property inventory map), unless it is prepared in accordance with the Exhibit A requirements in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Airport Purposes. All aviation activities normally found on an airport.
Airport Reference Code (ARC). Per the current version of Advisory Circular 150/5300-13, the ARC is a coding system used to relate airport design criteria to the operational and physical characteristics of the airplanes intended to operate at the airport.
Airport Revenue. The current version of FAA Order 5190.6, Airport Compliance Manual, defines airport revenue. As of the publication date of this Handbook, that definition is as follows: Airport revenue generally includes those revenues paid to or due to the airport sponsor for use of airport property by the aeronautical and nonaeronautical users of the airport. It also includes revenue from the sale of airport property and resources and revenue from state and local taxes on aviation fuel. If this definition is modified in the next version of FAA Order 5190.6, the new definition must be used.
Airside Needs/Development. All development within the areas accessible to aircraft including runways, taxiways, aprons, and aircraft gates and the land adjacent to these facilities required by current FAA standards.
Allocation. An allocation is the FAA notification to the sponsor of the intent to obligate funds (by issuing a grant). It does not involve a transfer of funds. It is an internal administrative re-delegation of the authority to incur obligations and make expenditures.
Allotments. After the FAA receives an Office of Management and Budget (OMB) apportionment, APP-520 requests the FAA Office of Budget and Performance - Operations and Capital Execution Branch (ABP-410) to make an allotment of funds to regional offices to support previously issued planning figures. Allotments and adjustments to allotments are made throughout the year.
Allowable Cost. The cost of an item or activity that can be funded with AIP per 49 USC § 47110.
Amendments. A formal change to the terms or scope of a grant agreement.
Apportionments. There are two actions referred to as apportionments in AIP. Title 49 requires an apportionment of funds to be made each fiscal year 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 funds are referred to interchangeably as state or sponsor *apportionments*, *entitlements*, or *formula* funds. The second type of apportionment is made by the Office of Management and Budget (OMB) to allow the FAA to use Congressionally approved AIP funds. The OMB apportionment is formally requested by the FAA, which provides a financial plan for orderly use of the funds. The OMB apportionment may contain restrictions on the use of funds, such as the amount that may be used quarterly.
Appropriation. The appropriation is an annual budget that Congress establishes for the FAA. The appropriation allows the FAA make payments on obligations for specific purposes. Congress may also use the appropriation to adjust the authorized AIP funding level from the levels set by the authorization for the current year.
Authorization. The authorization is commonly referred to as the FAA *Bill* or *Reauthorization* and may be passed by Congress for one or more years. The authorization sets yearly limits on the AIP funding levels and gives the FAA *contract authority* to issue grants.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Automated AIP System. This database integrates the project planning data necessary for the NPIAS Report, the project planning data necessary for the ADOs to create a three year ACIP, and the grant data for all grants issued into one system. This is an internal FAA system and is not available to the public. As of the publication of this Handbook, this system is the System of Airport Reporting (SOAR).
B
Based Aircraft. *Note: This definition is currently under development by APP-400 as part of the ASSET study and will be incorporated before this Handbook is published.*
Brooks Act. A federal law (Public Law 92-582, codified at 40 USC § 1102) passed in 1972 that requires that the federal government to use qualifications based selection (a special form of competitive negotiations) for obtaining professional services.
C
Carryover Entitlements. Entitlements that were provided in a prior fiscal year, were not used and remain available for obligation for the original recipient.
Capacity Project. The current version of FAA Order 5100.39, Airports Capital Improvement Plan, defines capacity projects. As of the publication date of this Handbook, that definition is as follows: Development items that improve an airport or system of airports for the primary purpose of accommodating more passengers, cargo, aircraft operations or based aircraft. If this definition is modified in the next version of FAA Order 5100.39, the new definition must be used. In cases where it is unclear if a project is capacity or standards, the ADO must obtain a joint APP-400 and APP-510 concurrence on whether the project is considered capacity.
Channeling Act State. Based on individual state law, typically all funds from AIP would be deposited in a state account. The state legislature must pass a bill to release the funds to the airport.
Commercial Service Airport. Per 49 USC § 47102, a commercial service airport means a public airport in a state that the Secretary determines has at least 2,500 passenger boardings each year and is receiving scheduled passenger aircraft service.
Compatible Land Use. Per 14 CFR § 150.7, the use of land that normally compatible with the outdoor noise environment (or an adequately attenuated noise level reduction for any indoor activities involved) at the location because the yearly day-night average sound level is at or below that identified for that or similar use under appendix A (Table 1) of 14 CFR Part 150.
Condemnation. The governmental authority to take private property for public use is known as the power of eminent domain, commonly referred as condemnation. Most airport owners have this power which is an inherent power of the local government derived from its sovereignty, as well as a power implied from Article 1, Section 8, and the Tenth Amendment of the Constitution. The property owner's right to just compensation (fair market value payment) for property taken by condemnation is reserved in the Fifth Amendment to the Constitution.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Congressional Notification. Senate and House members are notified of proposed grants in their states or districts before others are notified. The Talking Points are used to inform Senate and House members about the proposed grant. An allocation is not made until this *Congressional release* process is completed by OST/FAA headquarters offices. In some cases, certain Senate and House committees are also given advance notification.
Continuing Resolution. This is legislation that allows an agency to continue funding programs, usually at levels equal to the previous year, while Congress continues work towards annual appropriations legislation and is generally of a shorter duration than a fiscal year. Due to the nature of the AIP formulas, the FAA needs to compute the different entitlements and discretionary funding (including set-asides) to match the funding available for each continuing resolution.
Cost Allocation Plan. Sponsors that want to include a portion of their indirect costs must have an approved Cost Allocation Plan. The Cost Allocation Plan must be prepared according to the requirements of OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, and is the formal means by which a sponsor identifies indirect costs (i.e., overhead) and assigns them to the benefiting departments/funds on a reasonable and consistent basis. The Cost Allocation Plan must be approved by the cognizant agency of the federal government.
Cost Analysis. A cost analysis is the evaluation of separate elements such as labor or materials that make up the total price to determine if the separate elements are allowable, directly related to the project, and reasonable.
Critical Aircraft. APP-400 maintains guidance on how to determine the critical aircraft for specific projects and airport types.
D
DELPHI. The Department of Transportation's official accounting system of record.
Design Standards. The engineering, design, and construction standards for various airport-related equipment, facilities, and structures defined by the FAA via the Advisory Circulars.
Design-Build Contracting. Per 49 USC § 47142, design-build contracting is defined as an agreement that provides for both design and construction of a project by a contractor.
Direct Cost. A direct cost is a cost that is only attributable to the work being performed. The payments for construction contract work for the project, contract design services of a design firm and contract planning services under a planning project are examples of direct costs. Project administrative costs are also considered direct costs (such as legal review, contract administration and oversight activities being performed specifically for the project) if the basis for the cost is easily identifiable through methods such as time cards used in cost accounting or other methods of capturing actual direct costs. Further information on direct cost can be found in Appendix A, Section 2 of OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Discretionary Funds. Whereas the apportionment required by the Act is limited to entitlements, the OMB apportionment will include entitlements, discretionary, and recovery funds. Discretionary funds are funds remaining within the obligation limitation after the formula entitlements are announced. These funds, subject to certain restrictions in legislation, are available for distribution at the discretion of the FAA and are not required to be distributed to specific states and sponsors, as is the case with entitlement funds. Also, a number of statutory set-asides are established by legislation to achieve specified funding minimums. These minimum categories include noise, military, capacity, safety and security, etc.
Drawdown. A series of payments made during a project reflecting the progress that is being made on the project.
E
Earmark. A legislative provision that directs funds to be spent on specific projects. Note that these projects must still be eligible and justified before the ADO can approve funding.
Easement. Per Black's Law Dictionary (9th ed. 2009), an interest in land owned by another person, consisting in the right to use or control the land, or an area above or below it, for a specific limited purpose (such as to cross it for access to a public road). See paragraph 2-15 in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement (AIP) Assisted Projects, for description of typical *avigation* easement rights.
Enplanement. Revenue passenger boardings at airports (including heliport or seaplane base) that receive scheduled or nonscheduled passenger 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.
Exclusionary Practices. Exclusionary practices are designed to eliminate rivals, enabling the surviving firm to reap the benefit of less competition. Exclusionary practices are prohibited on AIP projects and the costs associated with exclusionary practices are not allowable.
Exclusive Use or Right. Per the current version of Advisory Circular 150/5190-6, Exclusive Rights at Federally Obligated Airports, a power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred either by express agreement, by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right. If this definition is modified in the next version of the advisory circular, the new definition must be used.
Exhibit A. A detailed airport property inventory map that is prepared in accordance with the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects. Note that this is a more detailed drawing than the airport property map that is sometimes required in the airport layout plan drawing set.
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Table A-1. Definition of Terms Used in This Handbook

Definitions
Fair Market Value. Per the Uniform Appraisal Standards for Federal Land Acquisitions, the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. Different variations may apply when purchasing personal property.
Fee Simple. Per Black's Law Dictionary (9th Edition), an interest in land that, being the broadest property interest allowed by law, endures until the current holder dies without heirs.
Future Development. Development of a facility more than 5 years from the date of the approval of the ALP or the land acquisition. For the ALP, future development is shown in 5, 10, and 15 year time frames.
G
General Aviation Airport. Per 49 USC § 47102(8) a public airport that is located in a state that, as determined by the Secretary— **a.** Does not have scheduled service; or **b.** Has scheduled service with less than 2,500 passenger boardings each year.
Grant Assurances. The obligations airport owners, planning agencies, or other organizations undertake when they accept funds from FAA-administered airport financial assistance programs. These obligations require the recipients to maintain and operate their facilities safely and efficiently and in accordance with specified conditions. The assurances appear either in the application for federal assistance and become part of the final grant offer or in restrictive covenants to property deeds. The duration of these obligations depends on the type of recipient, the useful life of the facility being developed, and other conditions stipulated in the assurances.
Grant. Under 31 USC § 6304 and § 6305 (Federal Grant and Cooperative Agreement Act of 1977), a grant is a legal instrument used by a federal agency to provide aid to carry out a public purpose as authorized by a United States law.
Grantee. Many of the federal documents referenced in the Handbook use the term, *grantee*. For purposes of this Handbook, it is the same as sponsor.
H
Handbook. The current version of FAA Order 5100-38, Airport Improvement Program.
Hangar. A hangar is a facility for the storage of aircraft (self-maintenance is allowed as defined in the current version of FAA Order 5190-6, FAA Airport Compliance Manual). Throughout this document, the term *hangar* applies only to aircraft storage facilities. This differs from a fixed based operator building or aircraft maintenance facility, both of which have revenue generating maintenance activities.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Hub Airport. 49 USC § 47102 defines hub airports as commercial service airports meeting the following criteria. **a.** *Large hub* airports enplane at least 1% of the national annual passenger boardings per 49 USC § 47102(11). **b.** *Medium hub* airports enplane at least 0.25% but less than 1% of the national annual passenger boardings per 49 USC § 47102(13). **c.** *Small hub* airports enplane at least 0.05% but less than 0.25% of the national annual passenger boardings per 49 USC § 47102(25). **d.** *Non hub* airports enplane less than 0.05% of the national annual passenger boardings per 49 USC § 47102(14).
I
Incurred Cost. An expense that has been incurred during the course of business, and is a liability until it is paid.
Indirect Cost Allocation Plan. See *Cost Allocation Plan*.
Indirect Cost. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. For a public agency, indirect costs may include the costs of utilities or rent that are allocated to different departments of the agency.
J
Joint Use Airport. Per 49 USC § 47175(7), an airport owned by the Department of Defense, at which both military and civilian aircraft make shared use of the airfield.
L
Landside Needs/Development. All development on airport property that does not meet the definition of airside needs/development.
Large hub airport. Per 49 USC § 47102(11), a commercial service airport that enplanes at least 1% of the national annual passenger boardings.
Letter of Intent. A formal document issued by the FAA that states an intention to provide future funding.
M
Maintenance. A comprehensive definition, including the differentiation between maintenance, rehabilitation, reconstruction, and replacement and examples are provided in Paragraph 3-6.
Medium hub airport. Per 49 USC § 47102(13), a commercial service airport that enplanes at least 0.25% but less than 1% of the national annual passenger boardings.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Metropolitan Area. Per Bulletin 05-02, Update of Statistical Area Definitions and Guidance on Their Uses, the Office of Management and Budget (OMB) defines metropolitan areas (MAs) following the official standards published in 55 Federal Register 12154 (March 30, 1990) MAs comprise metropolitan statistical areas(MSAs), consolidated metropolitan statistical areas (CMSAs), and primary metropolitan statistical areas (PMSAs). These areas are defined in terms of entire counties, except in the six New England States where they are defined in terms of cities and towns. New England county metropolitan areas (NECMAs) are an alternative set of county-based areas defined for New England States.
Metropolitan Planning Agency. An organization whose is purpose is to ensure that government funding for transportation projects within a metropolitan area is based on continuing, cooperative, and comprehensive planning. Typical metropolitan planning agencies include metropolitan planning organizations (MPOs), councils of government, and regional planning commissions.
Modification to Standards. Any FAA approved change to FAA standards (other than dimensional standards for runway safety areas) applicable to an airport design, construction, or equipment procurement project.
N
NAVAID. An acronym for navigation aid. Any sort of equipment or marker that is used by an aircraft to aid in flight, landing, or departure. Examples include beacons, PAPIs, REILs and approach lighting systems.
Near-Term Development. Per the current version of Advisory Circular 150/5070-6, Airport Master Plans, within the next five years.
Noncompatible Land Use. Per 14 CFR § 150.7, the use of land that normally not compatible with the outdoor noise environment (or an adequately attenuated noise level reduction for any indoor activities involved) at the location because the yearly day-night average sound level is at or below that identified for that or similar use under appendix A (Table 1) of 14 CFR Part 150.
Nonhub Airport. Per 49 USC § 47102(14), a commercial service airport that enplanes less than 0.05% of the national annual passenger boardings.
Non-Primary Airport. An airport that is not a primary airport as defined under 49 USC § 47102(16). In other words, an airport that has 10,000 or less passenger enplanements in the calendar year before the current fiscal year.
O

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Obligations. The execution (signing) of a grant agreement with a sponsor constitutes an obligation of the federal government to eventually pay the amount specified in the grant. Obligations of funds are processed through the FAA Office of Operational Services - FAA Accounts Payable Branch (AMZ-110) in two steps: a *reservation of funds* is made before the grant is signed, and an *obligation* is reported when the grant is signed. Total obligations for a year may never exceed the total of funds allotted to a regional office. There are *gross* and *net* obligations. Gross obligations are the total obligations of all types of funds (including recovered funds) without deducting funds recovered from old obligations. Net obligations are total obligations (including obligations of recovered funds) minus total funds recovered during the year.
Office of Management and Budget (OMB). The federal agency responsible for providing fiscal accounting and budgeting services for the federal government.
Order. Per the current version of FAA Order 1320.1, FAA Directives Management, directives are the primary means within the FAA to issue, establish, and describe agency policies, organization, responsibilities, methods, and procedures. Orders are permanent directives and stay in effect until cancelled. Note: Although the AIP Handbook is published as an FAA order, it provides program requirements to airports, consultants and all involved with AIP.
OST Release Date. The DOT Office of the Secretary (OST) release date is the date that the Congressional notification process is completed.
Overall Development Objective (ODO). The ODO is found in the current version of FAA Order 5100.39, Airport Capital Development Plan. The intent of the ODO is to recognize that many airport projects require several different projects in order to complete the overall objective. For example, a new runway project may require land acquisition, obstruction clearing and runway construction. Through the use of the ODO, the costs and effort involved with the land acquisition and obstruction clearing is captured as part of the new runway project.
P
Passenger Boardings. Per 49 USC § 47102(15), unless the context indicates otherwise, revenue passenger boardings in the United States in the prior calendar year on an aircraft in service in air commerce, as the Secretary determines under regulations the Secretary prescribes. This includes passengers who continue on an aircraft in international flight that stops at an airport in the 48 contiguous states, Alaska, or Hawaii for a nontraffic purpose. Note that *revenue passenger* is further defined in Section 3 of 14 CFR Part 241, Uniform System of Accounts and Reports of Large Certificated Air Carriers.
Passenger Facility Charge. A charge approved by the FAA which is imposed by a public agency on eligible revenue passengers enplaned at a commercial service airport it controls. Public agencies may use PFC revenue to finance FAA-approved projects that meet the requirements of 49 USC § 40117. Note that *revenue passenger* is further defined in Section 3 of 14 CFR Part 241, Uniform System of Accounts and Reports of Large Certificated Air Carriers.
Permissive Statute. Per Black's Law Dictionary (9th Edition), a statute that allows certain acts but does not command them.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Price Analysis. A price analysis is a process analyzing a proposed total price without evaluating separate cost elements (including profit). The purpose is solely to ensure that a total price is fair and reasonable.
Primary Airport. Per 49 USC § 47102, primary airport means a commercial service airport the Secretary determines to have more than 10,000 passenger boardings each year.
Program Income or Program Revenue. Per 49 CFR § 18.25(b), gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.
Programming. The FAA process of moving a proposed grant through all of the appropriate levels of review required prior to reserving funds for that grant.
Project cost. A cost involved in carrying out a project.
Project. For the purposes of this Handbook, an item of work such as a runway extension or apron rehabilitation. Separate projects can be included in one grant application.
Public Agency. Per 49 USC § 47102(20), any one of the following: **a.** A state or political subdivision of a state (this includes state agencies, cities, and other municipalities). **b.** A tax-supported organization. **c.** An Indian tribe or pueblo. Except an Indian tribe or pueblo, a public agency requires specific state-enabling legislation that authorizes the agency and defines the responsibilities of the agency.
Public Airport. Per 49 USC § 47102(21), an airport used or intended to be used for public purposes that meet the following two criteria: **a.** The airport is under the control of a public agency. **b.** The area used or intended to be used for the landing, taking off, or surface maneuvering of aircraft is publicly owned.
Public-Use Airport. Per 49 USC § 47102(22), a public-use airport is: **b.** A public airport; or **c.** A privately-owned airport used or intended to be used for public purposes that is: **(1)** A reliever airport; or **(2)** Determined by the Secretary to have at least 2,500 passenger boardings each year and to receive scheduled passenger aircraft service.
R
Reconstruction. A comprehensive definition, including the differentiation between maintenance, rehabilitation, reconstruction, and replacement and examples are provided in Paragraph 3-6.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Recoveries. As adjustments are made to grant amounts based on actual payments, funds may be recovered (deobligated) from existing obligations and reobligated for upward adjustments to existing projects and under certain circumstances may be reobligated for new projects. The amount of recoveries that may be reobligated is controlled by OMB and is communicated to regional offices in the allotment process as a *recovery ceiling*.
Rehabilitation. A comprehensive definition, including the differentiation between maintenance, rehabilitation, reconstruction, and replacement and examples are provided in Paragraph 3-6.
Regularly Scheduled Commercial Service. A 14 CFR Part 121, 14 CFR Part 129, or 14 CFR Part 135 certificated air carrier operating on a published schedule and reporting scheduled commercial activity.
Reliever Airport. Per 49 USC § 47102(23), a reliever airport is an airport the Secretary designates to relieve congestion at a commercial service airport and to provide more general aviation access to the overall community.
Replacement. A comprehensive definition, including the differentiation between maintenance, rehabilitation, reconstruction, and replacement and examples are provided in Paragraph 3-6.
Retainage. The money earned by a contractor but not paid to the contractor until the completion of construction or another predetermined date. The retainage is held back as assurance for the quality of the contractors work. From 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 18.21(g)(3), sponsors may not receive payment for amounts that are retained (withheld) by the sponsor. 49 CFR § 26.29 requires that the retainage that is held for subcontracts must match or must not exceed the level of retainage held back from the contractor by the sponsor.
Revenue Producing Aeronautical Support Facilities. Per 49 USC § 47102(24), fuel farms, hangar buildings, self-service credit card aeronautical fueling systems, air plane wash racks, major rehabilitation of a hangar owned by a sponsor, or other aeronautical support facilities that the Secretary determines will increase the revenue producing ability of the airport.
Runway Protection Zone (RPZ). Per the current version of Advisory Circular 150/5300-13, Airport Design, area at ground level prior to the threshold or beyond the runway end to enhance the safety and protection of people and property on the ground. This advisory circular defines RPZ requirements.
S
Safety/Security Equipment. Per 49 USC § 47102(3)(B)(ii), equipment, including explosive detection devices, universal access systems, and emergency call boxes, the Secretary requires by regulation for, or approves as contributing significantly to, the safety or security of individuals and property at the airport and integrated in-pavement lighting systems for runways and taxiways and other runway and taxiway incursion prevention devices.
Secretary. For the purposes of this Handbook, Secretary refers to the Secretary of the Department of Transportation.

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Table A-1. Definition of Terms Used in This Handbook

Definitions
Set-Aside Funding. The AIP funding structure contains certain funding percentages or amounts that represent a minimum requirement for dedicated AIP funding. These *set-asides* include money for noise compatibility planning and projects, Military Airport Program participants, certain reliever airports and projects for capacity, safety, and security and noise projects at primary and reliever airports. Since these *set-asides* represent a minimum annual amount, the FAA calculates these categories after the apportionment of entitlement funding (which represent specific amounts). Funding remaining after entitlement funding and set-asides is referred to as remaining or *pure* discretionary.
Small hub airport. Per 49 USC § 47102(25), a commercial service airport that enplanes at least 0.05% but less than 0.25% of the national annual passenger boardings.
Sponsor. A sponsor is defined in 49 USC § 47102(24) as: **a.** A *public agency* that submits to the Secretary under this subchapter an application for financial assistance; and **b.** A *private owner of a public-use airport* that submits to the Secretary under this subchapter an application for financial assistance for the airport.
Standards Projects. The current version of FAA Order 5100.39, Airports Capital Improvement Plan defines standards projects. As of the publication date of this Handbook, that definition is as follows: Projects to bring an airport up to standards recommended by the FAA based on the current design category of the airport. If this definition is modified in the next version of FAA Order 5100.39, the new definition must be used. In cases where it is unclear if a project is capacity or standards, the ADO must obtain a joint APP-400 and APP-510 concurrence on whether the project is considered capacity.
State. Per 49 USC § 47102(27), a state, for the purposes of this Handbook, is defined as a state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands (Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, the Republic of Palau).
State Planning Agency. An state organization whose is purpose is to ensure that government funding for transportation projects within a state is based on continuing, cooperative, and comprehensive planning. Typical state planning agencies include, but are not limited to, planning offices, aeronautics commissions, and departments of transportation.
Subgrant. Typically under AIP, the subgrant is the award of federal funds to a subrecipient.
Sub-Recipient Per OMB A-133, Subpart A, a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. Typically under AIP grants, the subrecipient is the airport receiving a grant from a state in a block grant state.
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Table A-1. Definition of Terms Used in This Handbook

Definitions
Terminal Development. Per 49 USC § 47102(28), terminal development includes: **a.** An airport passenger terminal building, including terminal gates. **b.** Access roads servicing exclusively airport traffic that leads directly to or from an airport passenger terminal building. **c.** Walkways that lead directly to or from an airport passenger terminal building. **d.** Vehicles to move passengers between terminal facilities and between terminal facilities and aircraft per 49 USC § 47119(a)(1)(B).
Through-The-Fence Operation. A through-the-fence operation consists of an individual or company who owns property with aircraft storage facilities near an airport accessing the airport from off-airport property.
Turbojet Aircraft. For purposes of this Handbook, includes aircraft that have jet engines including turbojets, turbofans, turboprops, turboshafts, and ramjets.
U
Unallowable Cost. The cost of an item or activity that is not allowed to be funded with AIP, either by FAA policy, published cost standards, or legal prohibition.
Uneconomic Remnant. A parcel of real property in which the owner is left with an interest after the partial acquisition of the owner's property, and which the sponsor has determined has little or no value or utility to the owner. This is a parcel in addition to the property needed. Uneconomic remnants may be incorporated into airport property as feasible, or disposed.
Usable Unit of Work. A completed project that will result in an increase in safety, usefulness, or usability at the airport. For the purposes of AIP grants, a usable unit of work can be obtained over one or more grants, provided the end result is a usable unit of work. This also requires a special condition in the grant requiring the sponsor to complete the work regardless of whether the associated future grants are issued. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations.
Used or Intended to be Used. Used means currently in use. Per FAA policy, *intended to be used* means that the use will be realized within the next three to five years.
Useful Life. Useful life is the period during which an asset or property is expected to be usable for the purpose it was acquired. It may or may not correspond with the item's actual physical life or economic life.
W
Wide Area Augmentation System (WAAS). The WAAS program was developed for use in precision flight approaches. Currently, GPS alone does not meet the FAA's navigation requirements for accuracy, integrity, and availability. WAAS corrects for GPS signal errors caused by ionospheric disturbances, timing, and satellite orbit errors, and it provides vital integrity information regarding the health of each GPS satellite.

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Appendix B. References and Web Links

B-1. General.

Table B-1 contains a list of the references included in this Handbook. Web links are provided in this list (they are not given again in the Handbook) and were current on the Handbook publication date. The versions for specific documents are not given – the current version must be used. Also, where possible, website links do not link directly to documents because these types of links tend to break often. Instead, they link to source web pages to ensure links stay current (and for some documents this is required by FAA Web policy).

Table B-1. References and Web Links

Web links to references in this Handbook include…
AIP Grant Assurances The grant assurances are the obligations associated with a grant that require the sponsors to maintain and operate their facilities safely and efficiently and in accordance with specified conditions. Many of the assurances are based on 49 USC § § 47105, 47106 and 47107. http://www.faa.gov/airports/aip/grant_assurances/
AIP Program Guidance Letters (PGLs) Program guidance letters are interim guidance issued about AIP. A PGL is a change to the Handbook. http://www.faa.gov/airports/aip/guidance_letters.
AIP Program Information Memorandums (PIMs) Program Information Memorandums are interim guidance that does not change the content of the AIP Handbook, but provides additional clarifying information. http://www.faa.gov/airports/aip/guidance_letters
Airport Business Practices and Their Impact on Airline Competition This document discusses the reduction and/or elimination of airline entry barriers to an airport. http://www.faa.gov/airports/planning_capacity/
AJW-14A Weather Processors and Sensors – Non-Federal AWOS This website describes the requirements for design, installation, commissioning and maintenance of a non-federal AWOS. http://www.faa.gov/about/office_org/headquarters_offices/ato/service_units/techops/safety_ops_support/nonfedawos/

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Table B-1. References and Web Links

Web links to references in this Handbook include…
ASMB C-10 **Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government** The United States Department of Health and Human Services issued this guidance on cost allocation plans and indirect cost rate agreements. http://www.nhtsa.gov/nhtsa/whatsup/tea21/grantman/html/00_manl_contents1_01.html
Bulletin 05-02, Update of Statistical Area Definitions and Guidance on Their Uses This Office of Management and Budget (OMB) publication defines the term *metropolitan area*. http://www.whitehouse.gov/omb/bulletins_index2003-2005
Code of Federal Regulations (CFR) http://ecfr.gpoaccess.gov
Current FAA Advisory Circulars Required for Use in AIP Funded and PFC Approved Projects This is the list of Advisory Circulars that must be used on AIP and PFC funded projects. Other Advisory Circulars that are specific to the project may also be needed. The list is kept up-to-date by AAS-100. http://www.faa.gov/airports/aip/
Department of Defense Contract Pricing Reference Guides This document provides guidance to sponsor's preparing cost or price analyses. https://acc.dau.mil/CommunityBrowser.aspx?id=406579&lang=en-US
Department of Transportation (DOT) Office of Inspector General (OIG) **Regional Office Contact Information** This website provides the OIG regional office contact information that the ADO must use to notify the OIG of bid improprieties. http://www.oig.dot.gov/contact-us
Department of Transportation (DOT) Order 4200.5 **Governmentwide Debarment, Suspension and Ineligibility** This order outlines the requirements for suspending and debarring persons and companies from federally funded projects (including those funded by AIP). http://www.dot.gov/mission/administrations/administration/senior-procurement-executive/financial-assistance-policy

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Table B-1. References and Web Links

Web links to references in this Handbook include…
Establishment and Discontinuance Criteria for Automated Weather Observing Systems **FAA Report APO-83-6** This report provides benefit-cost analysis requirements for automated weather observing systems (AWOS) for publication in the current version of FAA Order 7031.2, Airway Planning Standard Number One. http://trid.trb.org/view.aspx?id=933426
FAA Advisory Circulars (ACs) http://www.faa.gov/airports/resources/advisory_circulars/
FAA Airport Benefit-Cost Analysis Guidance This document provides guidance to sponsors on benefit-cost analysis (BCA) for capacity projects. http://www.faa.gov/airports/aip/bc_analysis/
FAA CertAlerts http://www.faa.gov/airports/airport_safety/certalerts/
FAA Office of Airports Website This website contains many references, forms, guidance, and other information needed for AIP projects. http://www.faa.gov/airports/
FAA Orders http://www.faa.gov/regulations_policies/orders_notices/
Federal Accounting Standard Advisory Board (FASAB) Standards Standard No. 27, Identifying and Reporting Earmarked Funds, explains how earmarked funds are financed by specifically identified revenues. This document details the reporting requirements for these projects. http://www.fasab.gov/standards.html
Federal Contract Tower Minimum Equipment List This publication lists the eligible equipment at contract towers. http://www.contracttower.org
Federal Emergency Management Agency (FEMA) **Flood Maps** This website provides flood maps for federal agencies to determine if a sponsor requires flood insurance for certain projects prior to receiving a grant. http://www.fema.gov/hazard/map/flood.shtm

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Table B-1. References and Web Links

Web links to references in this Handbook include…
Federal Funding Accountability and Transparency Act of 2006 (FFATA) This act outlines the subgrant reporting requirements for block grant states. http://ffata.org
Federal Register Notices http://www.archives.gov/federal-register/
FHWA Construction Program Guide (Suspension/Debarment) This website provides links to references on suspension and debarment. http://www.fhwa.dot.gov/construction/cqit/suspensi.cfm
Financial Assistance Guidance Manual This guidance manual replaces DOT Order 4600.17A, Financial Assistance Management Requirements, and outlines the requirements for administering AIP and prescribes the procedures for implementing laws, regulations, executive orders, and Office of Management and Budget (OMB) circulars, providing guidance for the administration of DOT financial assistance programs. http://www.dot.gov/sites/dot.dev/files/docs/Financial_Assistance_Guidance_Manual.pdf
Government Accountability Office's (GAO) Principles of Federal Appropriations Law (Red Book) This publication is a multi-volume publication that discusses federal fiscal law requirements and legal decisions. http://www.gao.gov/legal/redbook/redbook.html
GSAXcess This is the website for the Federal Excess Personal Property Utilization Program. Sponsors can go to this site to find free used equipment for their airport. http://gsaxcess.gov
Highlights of Reported Actions to Reduce Barriers to Entry and Enhance Competitive Access This document summarizes reported actions taken by covered airports to reduce barriers to entry and enhance competitive access. http://www.faa.gov/airports/planning_capacity/
Life Cycle Cost Analysis for Airport Pavements (AAPTP 06-06) This Federal Highway Administration document provides a good primer for sponsors who would like to learn about life-cycle cost analysis. http://www.aaptp.us/reports.html

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Table B-1. References and Web Links

Web links to references in this Handbook include…
Life-Cycle Cost Analysis Primer This Federal Highway Administration document provides a good primer for sponsors who would like to learn about life-cycle cost analysis. http://www.fhwa.dot.gov/infrastructure/asstmgmt/lcca.cfm
National Fire Protection Association Handbook This Handbook provides many of the standards for ARFF. http://www.nfpa.org/itemDetail.asp?categoryID=950&itemID=22989&URL=About%20Us/NFPA%20Handbooks
NAVFAC P-300 **Management of Civil Engineering Support Equipment** This document provides useful life durations for equipment. https://portal.navfac.navy.mil/portal/page/portal/docs/doc_store_pub/
Office of Management and Budget (OMB) Circulars http://www.whitehouse.gov/omb/circulars_default
Office of Management and Budget (OMB) **State Point of Contact Information for Intergovernmental Review** This website provides the contact information that the sponsor must use when a project is required to go through the intergovernmental review process. http://www.whitehouse.gov/omb/grants_spoc
Procurement and Contracting under AIP – Federal Contract Provisions This webpage provide links to all of the required federal contract provisions by contract type. http://www.faa.gov/airports/aip/procurement/federal_contract_provisions/
Public Laws http://thomas.loc.gov
Quick Guide to Cost and Price Analysis for HUD Grantees and Funding Recipients **United States Department of Housing and Urban Development** This document provides guidance to sponsor's preparing cost or price analyses. http://portal.hud.gov/hudportal/HUD?src=/program_offices/cpo/grantees/cstprice
Suggestions for the Detection and Prevention of Construction Contract Bid Rigging This paper discusses bid improprieties and how to detect them. http://www.fhwa.dot.gov/programadmin/contracts/dotjbid.cfm

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Table B-1. References and Web Links

Web links to references in this Handbook include…
System for Award Management (SAM) This website contains a list of suspended and debarred persons and companies that have been excluded from doing business with the federal government. https://www.sam.gov
Uniform Appraisal Standards for Federal Land Acquisition This document is for use by appraisers to promote uniformity in appraising federally funded land acquisition. http://www.justice.gov/enrd/3044.htm
United States Code (USC) http://www.gpoaccess.gov/uscode/index.html (Note: In process of switching to http://fdsys.gov.)
Unpaved (Turf) Runway Criteria This document gathers all of the relevant requirements into a single document that describes the design requirements for unpaved runways. http://www.faa.gov/airports/central/airports_resources/media/turf_runway_presentation.pdf
US Army Corps of Engineers Engineer Pamphlet (EP) 1110-1-8 **Construction Equipment Ownership and Operating Expense Schedule** This document provides the method for a sponsor to determine the hourly rate they can claim for construction equipment used in force account work. http://publications.usace.army.mil/publications/eng-pamphlets/
Voluntary Airport Low Emission Program (VALE) Technical Report This report presents information on the application process, project eligibility, vehicle low emission standards, and how to calculate project emission reductions, cost-effectiveness, and credits. http://www.faa.gov/airports/environmental/vale

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Appendix C. Prohibited Projects and Unallowable Costs

C-1. Examples of General Prohibited Projects/Costs (for All Types of Projects).

The list in Table C-1 is not comprehensive. Instead, it contains projects or costs specifically prohibited in the Act or whose eligibility is frequently questioned. Unless a specific reference to the Act is cited, these prohibitions are FAA policy.

Table C-1. Examples of General Prohibited Projects/Costs for All Project Types

Examples include, but are not limited to…
(1) ACIP Update as Project Formulation. Updates to an airport's capital improvement plan as part of the project formulation costs. Updates to an airport's capital improvement plan are only eligible if warranted as part of a master plan study or update grant.
(2) Airfield Operations and Maintenance Costs.
(3) Budget Augmentation. Combining funds between different federal programs if not specifically allowed as discussed in Paragraph 4-11.
(4) Computer Software (Including SMS and Common Use Gate Software). Software that does not meet the requirements in Paragraph 3-61. Software and software subscription services for Safety Management System manual and implementation plan development and terminal gate related software is not allowable.
(5) Conferences, Seminars, and Courses. Tuition, travel, or subsistence for a sponsor's personnel to attend conferences, seminars, or courses.
(6) Correcting or Doing Something More than Once – Construction/Equipment/Land. Cost to correct or do something more than once. This is based on the general AIP premise that AIP is intended for something to be done correctly one time. Therefore, costs not required to complete the project are not allowable. This includes restocking charges if a contractor orders too much or an incorrect material and wants to return the materials to the supplier. While the supplier may charge the contractor to restock the materials, the costs of restocking are not required to complete the projects.
(7) Correcting or Doing Something More than Once – Design/Planning. Cost for design more than once except as allowed in Paragraph 3-21 for advisory circular changes. Following the premise above, AIP grant funds cannot be used to redesign. The exception is for design omissions that were not negligent and the additional work was necessary and would have been done anyway under a correct set of plans. For example, if a sponsor is given a design-only grant and is delayed in starting the construction, the plans may need to be reviewed and some parts of it redesigned. The costs to redesign or to bring the plans up to date are not allowable costs since AIP paid the first time to correctly design the project.
(8) Decorative Landscaping. This is per 49 USC § 47110(f). Planting can only be funded to the extent that it is a cost associated with an AIP project and required for erosion control, state and/or local construction practices or for noise mitigation. As with any ineligible work, where the sponsor desires to include landscaping for aesthetic effect with a project, the costs must be broken-out from the grant funded part of the project.

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Table C-1. Examples of General Prohibited Projects/Costs for All Project Types

Examples include, but are not limited to…
(9) Equipment – Turned Over at End of Project. Acquisition of non-expendable equipment as part of an AIP development project. Some examples include: **(a)** Hand held radios **(b)** Vehicle beacons **(c)** Pavement marking machines **(d)** Joint sealing machines **(e)** Ohm meters **(f)** Sweeper brooms **(g)** Commercial barricades **(h)** Construction vehicles/trucks **(i)** Inspection vehicles/trucks **(j)** Construction office trailer/building **(k)** Hand held cameras **(l)** Lighted X's While the cost associated with the temporary use of non-expendable equipment is eligible under AIP, the acquisition of such equipment under a development grant is not. The practice of requiring a project contractor to transfer ownership of temporary non-expendable equipment to the owner at the end of the project is an impermissible procurement action. For example, it is reasonable to require the contractor to furnish hand-held radios during the duration of the project. It is not allowable under AIP to require the contractor to transfer ownership of these radios to the airport owner at the conclusion of the project. AIP may not participate in costs associated with acquiring equipment for day-to-day airport operations. This includes direct and indirect acquisitions.
(10) Fundraising. 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.
(11) Interest Charges. 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.
(12) Legal Fees Defending a Specification or Federal Contract Requirement. These costs are not required to complete the project.
(13) Liability Insurance – Excessive for Contractor/Consultant. Liability insurance well beyond that normally carried by the contractor or consultant for his own protection. This includes liability for damages beyond the scope of the consultant or contractors contract (such as making a consultant liable for acts of third party contractors not under the control of the consultant).

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Table C-1. Examples of General Prohibited Projects/Costs for All Project Types

Examples include, but are not limited to…
(14) Liability Insurance – For the Airport Sponsor. The requirement that the sponsor be indemnified by the contractor against potential damages is not an FAA or AIP requirement, nor is it an essential element in completing the project. Rather, this third party coverage would simply protect the airport and its insurer against the presumed added risk of airport operations during periods of construction and add the cost of that protection to the construction costs.
(15) Lobbying. Cost of activities associated with the lobbying for a project or influencing federal employees. The regulations on lobbying or influencing federal employees do not restrict technical negotiations involving AIP projects.
(16) Projects That Have Not Been Determined to be Eligible. Any project that has not been determined to be eligible by the FAA. If this Handbook does not list a project as eligible, the ADO must receive an eligibility determination from APP-500.
(17) Repair, Replacement or Upgrading Computer Hardware and Software used in AIP Projects. Repair, replacement, or upgrading computer hardware or software before the useful life of the system has been met.
(18) Replacement, Repair, or Renovation of Ineligible Facilities/Equipment. Unless allowed under Paragraph 3-68, if AIP cannot be used to construct or acquire something, then AIP cannot be used to repair, replace, or renovate it.
(19) Sculptures or Works of Art. Per 49 USC § 47110(f).
(20) Training. Only acquisition of certain training systems and equipment is eligible, not the actual training.

C-2. Examples of Construction Prohibited Projects/Costs.

The list in Table C-2 is not comprehensive. Instead, it contains projects or costs specifically prohibited in the Act or whose eligibility is frequently questioned. Unless a specific reference to the Act is cited, these prohibitions are FAA policy.

Table C-2. Examples of Prohibited Projects/Costs for Construction

Examples include, but are not limited to…
(1) All of the Examples in Table C-1.
(2) Access Road – Ineligible Segments. A portion of an access road that meets any of the following criteria: **(a)** Does not exclusively serve airport traffic. **(b)** Is exclusively for the purpose of connecting parking facilities (or other non-aeronautical facilities such as rental car facilities and on-airport hotels) to an eligible portion of the access road.

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Table C-2. Examples of Prohibited Projects/Costs for Construction

Examples include, but are not limited to…
(c) Solely serves industrial or non-aeronautical areas or facilities. **(d)** Is necessary only to maintain FAA facilities installed under the F&E program. **(e)** Is not on airport property or an airport owned easement. **(f)** Is not needed for the circulation of airport passengers or air cargo.
(3) Aircraft Deicing Buildings. Buildings for *aircraft* deicing equipment, vehicles, and fluids.
(4) Aircraft Self-Docking Systems. System to automatically guide pilots to the gate and allow the pilots to self –park aircraft without ramp personnel (advantageous during presence of lightning) through the use of laser range finders and light-emitting diode (LED) displays. This equipment is not required by rule or regulation and is typically airline owned.
(5) ARFF Buildings Bays for Non-Airport Vehicles. ARFF building bays for fire trucks that are stationed on the airport, but primarily provide services outside the airport boundaries.
(6) Buildings – Not in Act. Any building that is not an eligible facility at that airport for *airfield* deicing materials, terminal, command and control centers, ARFF building, snow removal equipment building, hangar, or contract tower (unless specifically allowed under a special AIP funding program in Chapter 6).
(7) Cell Phone Waiting Lots – Unnecessary Costs. Areas for unattended car parking and amenities such as flight information display boards are not considered necessary.
(8) Contingency costs.
(9) Early completion bonuses.
(10) Explosive Detection System (EDS) or Associated Terminal Modification. Beginning in FY 2004, and in every year since then, the FAA appropriations bill has prohibited using AIP grant funds on EDS systems or any building modifications that are necessary to support or install an EDS system. Because PFC eligibility hinges on AIP eligibility, leaving the project eligible but prohibiting funding is a work-around that allows these projects to be funded with PFCs.
(11) Environmental Remediation. Environmental remediation and removal of fuel farms, underground fuel tanks, or hazardous waste. This is because sponsors are required by the grant assurances to maintain facilities to environmental standards.
(12) Furniture. All furniture except fixed furniture for passenger seating (including tables and counters) in holding areas.
(13) Law Enforcement Facilities. Law enforcement facilities that are not airfield facilities to provide for a law enforcement presence required for air transportation security. The FAA has determined that the only facilities that are eligible are guard shacks at airfield access points.
(14) Maintenance/Service Facilities. Construction of maintenance/service facilities, except that allowed to store snow removal equipment, and to store the aircraft rescue and fire fighting equipment that is required under 14 CFR Part 139.

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Table C-2. Examples of Prohibited Projects/Costs for Construction

Examples include, but are not limited to…
(15) Multimodal Terminals – Areas not Directly Related to Air Commerce. Only the areas directly related to air commerce are eligible.
(16) NAVAID Relocation – Refurbishing/Enhancing/Upgrading. AIP participation to move FAA-owned NAVAIDS that impede an AIP funded project must not include refurbishing, enhancing, or upgrading the impacted facility.
(17) NAVAID Relocation. The relocation of NAVAIDs and other facilities except as allowed under Paragraph 3-68. Relocation strictly for the convenience of the owner (be it the sponsor, the FAA, or other type of owner) is not allowable.
(18) Noise Barriers – Exclusive Use.
(19) Obstruction Removal – Creation of Parks or Play Fields. Any redevelopment, such as the creation of parks or play fields, unless required as part of court ordered mitigation. This is because the redevelopment is not an essential element in completing the project.
(20) Obstruction Removal – More than Once. Topping trees, or any other obstruction removal, more than once using AIP funding.
(21) Painting and Carpeting – Stand Alone. Carpet replacement and painting as stand-alone projects. Carpet replacement or repainting impacted by an eligible project (and only within the boundaries of the eligible project) would be eligible as an incidental part of that project.
(22) Parking for Automobiles. Public parking facility for passenger automobiles at large, medium, and small hub airports (unless specifically allowed under a special AIP funding program in Chapter 6).
(23) Pavement – Adjacent to Terminal. The areas immediately adjacent to the terminal building that cannot be used by aircraft. This pavement may be eligible as terminal work provided it is associated with eligible terminal facilities.
(24) Pavement – Exclusive Use. This includes exclusive use and near exclusive use aprons, taxiways, and taxilanes. Near exclusive use means that the airport has no procedures for the management and operation of the apron, hangar, or taxiway to ensure prompt access by each potential user. Appendix A contains a more complete definition and references on exclusive use.
(25) Pavement – In Front of Hangar. Pavement in front of a hangar that cannot be used for public parking or taxiing of aircraft. For hangars for Group I aircraft, this is 27 feet, for Group II aircraft is 40 feet, and for Group III is 56 feet. Note that this is one half of the taxilane object free area minus one half of the taxilane width. This pavement may be eligible as hangar work provided it is associated with an eligible hangar.
(26) Pavement – Maintenance. Routine runway, taxiway, or apron maintenance except at nonhub primary airports and nonprimary airports under 49 USC § 47102(3)(H). Examples of eligible and ineligible maintenance are provided in Paragraph 3-6.

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Table C-2. Examples of Prohibited Projects/Costs for Construction

Examples include, but are not limited to…
(27) Pavement – Unavailable for Aircraft Parking/Taxiing. Pavement for vehicle/aircraft maintenance, automobile parking, ground service equipment storage, areas to *square off* pavement if it is not needed or used for aircraft parking, or apron areas on the apron side of a hangar that cannot be used for public aircraft parking.
(28) Planning as Project Formulation. A portion of an otherwise eligible, but not AIP funded, metropolitan area or statewide airport planning as project formulation costs for a construction project. For example, photo slope or other obstruction analysis that was prepared in a non-AIP funded obstruction plan that is used as a basis for removing the obstructions at an airport.
(29) Price Escalation Increases.
(30) Revenue Producing Aeronautical Support Facilities – Construction. Revenue producing aeronautical support facilities at other than nonprimary and Military Airport Program airports.
(31) Revenue Producing Aeronautical Support Facilities – Maintenance/Repair/Minor Rehabilitation. Maintenance, repair, and minor rehabilitation of revenue producing facilities, even if they contain pavement components (like wash racks and fuel farms) unless the airport is in the MAP program. The exception is major rehabilitation of a hangar at nonprimary and Military Airport Program airports, which is allowed per the definition of revenue producing aeronautical support facilities in 49 USC § 47102(24).
(32) Roads – To NAVAIDS.
(33) Roads – To Non-Aviation Areas/Facilities. This includes driveways and other access points that connect the access road to off airport property.
(34) Roads – To Parking. Roads, whatever length, exclusively for the purpose of connecting public parking facilities to an access road except where the public parking facility is constructed with AIP grant funds.
(35) SRE Buildings. SRE building space for personnel quarters, training space, or other non-equipment storage functions.
(36) Terminal People Mover or Access Rail – Operations/Maintenance. Costs to operate or maintain the terminal people mover or access rail. This includes all associated maintenance facilities and equipment (including storage facilities, spare parts, spare equipment, tracks to a maintenance facility, maintenance equipment, and administrative offices).
(37) Terminal People Mover or Access Rail – To Certain Areas. Terminal people mover or access rail cost associated with access to commercial areas, maintenance areas, employee parking lots, or ticketing or fare collection areas.
(38) Through-the-Fence. Any development project to serve a through-the-fence operation per 49 USC § 47107(t)(2)(B)(ii). This is because through-the-fence operations are considered exclusive use and are not the responsibility of the sponsor.

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Table C-2. Examples of Prohibited Projects/Costs for Construction

Examples include, but are not limited to…
(39) Utility Work – Stand-Alone Project. This this an allowable cost to an AIP eligible project, not a stand-alone project.

C-3. Examples of Equipment Prohibited Projects/Costs.

The list in Table C-3 is not comprehensive. Instead, it contains projects or costs specifically prohibited in the Act or whose eligibility is frequently questioned. Unless a specific reference to the Act is cited, these prohibitions are FAA policy.

Table C-3. Examples of Prohibited Projects/Costs for Equipment

Examples include, but are not limited to…
(1) All of the Examples in Table C-1.
(2) Aircraft deicing fluids. Per 49 USC § 47102(3)(B)(v).
(3) Aircraft Removal Equipment.
(4) Airport Surface Detection Systems. This must not be confused with equipment that TSA determines to be required to meet 49 CFR Part 1542 for securing the airport perimeter, which may be eligible as security equipment.
(5) ARFF Support Vehicles. ARFF support vehicles, such as fire marshal vehicles, unless specifically required by 14 CFR Part 139 or 49 CFR Part 1542.
(6) ARFF Vehicles – No 14 CFR Part 139 Certificate. ARFF vehicles for airports that do not hold 14 CFR Part 139 certificates unless AAS-300 has determined that this will significantly contribute to safety of individuals and property at the airport per 49 USC § 47102(3)(B)(ii).
(7) Commercially available passenger vehicles or trucks. This includes all terrain vehicles (ATVs) and lawn or agricultural tractors. The exception is where AAS-1 has made a written determination that the vehicle or truck fills a unique safety or security need at that specific airport per Paragraph L-3.
(8) Emergency Power Equipment. Equipment to provide emergency power to an airport for emergency housing, marshaling of equipment or supplies for catastrophe relief or other purposes. In addition to not being allowed, this could be an augmentation of another federal agency's budgets since other agencies have the specific responsibility to provide those services.
(9) Expendable Items. Expendable items, such as extinguishing agents (except for one test charge and one refill at time of initial purchase of an ARFF vehicle), and deicing materials (sand, chemicals, fluids, etc.).

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Table C-3. Examples of Prohibited Projects/Costs for Equipment

Examples include, but are not limited to…
(10) Extended Warranty Costs or Requirements for Extended Servicing. The cost of extended warranties beyond that which is common in business. This includes requirements in the bidding documents for ability to be onsite within a specified number of hours or for having service personnel within a certain geographic proximity of the project site.
(11) Fencing – Non-Aeronautical. Fencing to benefit non-aeronautical use areas of the airport that is not primarily for protection of the airfield or terminal building.
(12) Flight Checks – More than One. The cost for the FAA Air Traffic Organization (ATO) to conduct more than one flight check (also called flight inspections) during the commissioning of a NAVAID.
(13) Gate Power. Mobile air conditioning, heating or electric power facilities or equipment. This equipment is not considered terminal-based and are not eligible (unless otherwise eligible and approved under VALE).
(14) Interactive Training Systems – Rental.
(15) Land and Hold Short Equipment. Trucks, follow-me signs, and other associated Land and Hold Short Operations (LAHSO) equipment.
(16) Maintenance Equipment/Tools. The acquisition of equipment or tools that are used to maintain, repair, reconstruct, or rehabilitate an item or facility, including equipment or tools used for pavement maintenance at nonhub primary or nonprimary airports .
(17) Mobile Command Vehicles. The FAA has determined that mobile command vehicles cannot be considered as eligible firefighting and rescue equipment. This is because mobile command vehicles do not deliver firefighting personnel, equipment and fire suppression agents to the site of an accident, nor are they used in physically extinguishing fire or physically assisting in rescue efforts.
(18) Paint Machines. Paint machines for any purpose.
(19) Pest Control Equipment for Rodent Extermination. This is considered a maintenance tool.
(20) Portable Emergency Generators. Portable emergency generators or light plants that function essentially as portable emergency generators.
(21) Radios and Communication Equipment – Stand Alone. Radios and communication equipment are allowable costs only if they are part of the acquisition of an eligible ARFF vehicle, police vehicle, or a piece of snow removal equipment.
(22) Safety Equipment - Not Specifically Required by 14 CFR Part 139. Except as allowed under Paragraph L-3.
(23) Security and Access Control Equipment – Landside. Security and access control equipment (such as closed circuit cameras) for protection of the unsecured landside areas of the airport (such as parking garages, rental car facilities, and terminal areas prior to security screening checkpoints).

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Table C-3. Examples of Prohibited Projects/Costs for Equipment

Examples include, but are not limited to…
(24) Security Equipment. Projects exceeding the minimum requirements of 49 CFR Part 1542 or are necessary to support local law enforcement. Examples include: **(a)** Video cameras that are not in the sterile terminal area or airfield operations area. **(b)** Handheld cameras. **(c)** Badging supplies. **(d)** Police vehicles at airports that do not have 14 CFR Part 139 certificates. **(e)** Police vehicles beyond one police vehicle (must be standard police vehicle) at airports that have 14 CFR Part 139 certificates. **(f)** Tow trucks to tow automobiles. **(g)** Canines (dogs) and kennels (live animals are not equipment). **(h)** Police radios (other than in an eligible police vehicle at time of acquisition). **(i)** Firearms for law enforcement or security purposes. **(j)** Law enforcement facilities except guard shacks at airfield access points.
(25) Sign Panel Replacement. See Paragraph 3-6 for further discussion.
(26) Towed FOD Sweepers. These are not considered eligible power sweepers.
(27) Tow Vehicles for Eligible Equipment.
(28) Visual Approach Slope Indicators (VASI). These have been replaced by the installation of Precision Approach Path Indicators (PAPI).
(29) Wildlife Reduction Equipment and Supplies. Shotgun shells, chemicals, pyrotechnic devices (other than pistols), and airport operations vehicles.

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C-4. Examples of Land Prohibited Projects/Costs.

The list in Table C-4 is not comprehensive. Instead, it contains projects or costs specifically prohibited in the Act or whose eligibility is frequently questioned. Unless a specific reference to the Act is cited, these prohibitions are FAA policy.

Table C-4. Examples of Prohibited Projects/Costs for Land

Examples include, but are not limited to…
(1) All of the Examples in Table C-1.
(2) Land for Other than Airport Purposes. See Appendix A for definition of airport purposes.

Table C-4. Examples of Prohibited Projects/Costs for Land

Examples include, but are not limited to…
(3) Costs Exceeding Requirements. Any costs that exceed what is allowed under 49 CFR Part 24 or do not conform to the Uniform Appraisal Standards for Federal Land Acquisitions.
(4) Compensation for Loss of Business.
(5) Compensation for Goodwill.
(6) Compensation for Frustration of Development Plans.
(7) Costs to Lease Privately Owned Land. A lease of privately owned land is normally not considered adequate title and acquisition of the needed interest in the land is required.

C-5. Examples of Noise Mitigation Prohibited Projects/Costs.

The list in Table C-5 is not comprehensive. Instead, it contains projects or costs specifically prohibited in the Act or whose eligibility is frequently questioned. Unless a specific reference to the Act is cited, these prohibitions are FAA policy.

Table C-5. Examples of Prohibited Projects/Costs for Noise Mitigation

Examples include, but are not limited to…
(1) All of the Examples in Table C-1.
(2) Block Rounding with Lower Local Standards. If a local standard has been adopted to include residences that lie within the DNL 60 dB noise contour, residences that lie outside the DNL 60 dB are not eligible for block rounding.
(3) Building Code Corrections. If it is determined in the course of designing a sound insulation project that a building needs improvements in order to conform to local building codes, only the costs of the sound insulation are allowable.
(4) Cannot Be Implemented by an Eligible Sponsor. A 14 CFR Part 150 approved NCP measure for a project that cannot be implemented by an eligible sponsor.
(5) Comfort or Attractiveness Improvements.
(6) Demonstration Programs. This may include installation of unproven methods of reducing sounds such as installing white noise generators in classrooms. This includes any 14 CFR Part 150 approved NCP measure for a demonstration program intended to test the effectiveness of new noise mitigation technology.
(7) Fixed Noise Monitoring Equipment in Certain Situations. Fixed noise monitoring equipment where the 14 CFR Part 150 noise exposure maps (existing and forecast) show no noncompatible land uses or the sponsor is unable to clearly show that portable monitors would be inadequate.

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Table C-5. Examples of Prohibited Projects/Costs for Noise Mitigation

Examples include, but are not limited to…
(8) Follow-on Replacement. Follow-on replacement of windows, doors, equipment, or any items installed for noise reduction that appear to have met their useful life. Installation of noise reduction equipment is limited to the initial installation only.
(9) Inadequate Maintenance Corrections. Improvements to address inadequate maintenance.
(10) Inside DNL 75 dB or greater. Noise insulation projects for residences, schools, hospitals, places of worship, auditoriums, and concert halls within a DNL 75 dB or greater noise contour since these uses are never compatible in these noise contours. If a sponsor requests sound insulation in the DNL 75 dB contour, the ADO may consider consulting with APP-400 for guidance.
(11) Interior Noise Less than 45 dB. Noise mitigation inside the DNL 65 dB contour where the interior noise level is less than 45 dB unless the ADO has concurred that the limited costs are due to neighborhood equity.
(12) Mobile Homes or Mobile Classrooms. Mobile homes and Mobile Classrooms are not viable noise compatibility projects since their design and construction do not lend themselves to effective noise reduction measures.
(13) Non-Aircraft Noise Mitigation. The mitigation must be based on aircraft noise associated with the airport.
(14) NCP Measures Approved in Fiscal Years 2004-2007 outside the DNL 65 dB Noise Contour. Per 49 USC § 47504(b)(4), a 14 CFR Part 150 approved NCP measure for a project to mitigate aircraft noise less than DNL 65 dB if the FAA approved the NCP in fiscal years 2004-2007. This fiscal year requirement does not apply to soundproofing schools and hospitals since they are not required to be in an approved NCP.
(15) Old Noise Exposure Maps. Noise mitigation inside the DNL 65 dB contour using noise exposure maps that have not been determined to be current. Current noise exposure maps are those that are less than 5 years old or in the case of noise exposure maps that are older than 5 years, the ADO has specifically accepted for use. In no case can noise exposure maps that are older than 10 years old be used as the basis for issuing an AIP grant for noise mitigation.
(16) Operational or Administrative Costs for an Ongoing Program. A 14 CFR Part 150 approved NCP measure for operational or administrative costs of a sponsor's ongoing noise mitigation program.
(17) Outside DNL 65 dB. Noise mitigation outside the DNL 65 dB contour unless the interior noise level is greater than 45 dB and the ADO has concurred that the limited costs are due to block rounding, or the community has adopted a significant noise standard less than DNL 65 dB.
(18) Parts of Schools. Sound insulation of school facilities such as gymnasiums, cafeterias, and hallways unless approved by APP-400.
(19) Undefined Noise Benefit. A 14 CFR Part 150 approved NCP measure for a project that is not described in sufficient detail to determine its noise mitigation benefits.

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C-6. Examples of Planning Prohibited Projects/Costs.

The list in Table C-6 is not comprehensive. Instead, it contains projects or costs specifically prohibited in the Act or whose eligibility is frequently questioned. Unless a specific reference to the Act is cited, these prohibitions are FAA policy.

Table C-6. Examples of Prohibited Projects/Costs for Planning

Examples include, but are not limited to…
(1) All of the Examples in Table C-1.
(2) Airport Capital Improvement Plan – Stand Alone. A stand-alone grant to update an airport's capital improvement plan. Capital plan development costs are only eligible if warranted as part of a master plan study or update grant.
(3) Airport Certification Manual Updates. Only the initial airport certification manual developed for a new 14 CFR Part 139 airport with scheduled air carrier service greater than 9 seats and/or unscheduled air carrier service greater than 30 passenger seats is eligible. Per APP-500 policy, this is considered planning because it is necessary for the airport to begin operations. Updates are considered operational, not planning.
(4) Airport Geographic Information System (GIS). The pilot program is complete and stand-alone GIS grants are no longer eligible. GIS data collection is only allowable as a cost under a larger planning or development project that requires survey data collection.
(5) Airport Emergency Plan – Stand Alone. Preparation or update of an airport emergency plan as a stand-alone project. An Airport Emergency Plan is operational by nature and therefore ineligible. The cost of preparing an Airport Emergency Plan may be an allowable cost if it is included in an AIP funded airport master plan, is required by 14 CFR Part 139, and will result in AIP eligible development.
(6) Airport Zoning Ordinance. The cost of preparation and adoption of an airport zoning ordinance except as part of an airport master plan, noise compatibility program, or land use compatibility planning for states and units of local government for compatible land use planning and projects around large and medium hub airports that have either never submitted a noise compatibility program or have not updated such program within the preceding ten years.
(7) ALP Update to Make Current. A stand-alone project to update an ALP that has not been kept current by the sponsor. However, the cost to update an ALP to reflect an AIP funded project is an allowable cost under the grant for that specific project.
(8) Benefit-Cost Analysis – Stand-Alone Grant. A benefit-cost analysis in a stand-alone grant. A benefit cost analyses can only be reimbursed as project formulation costs once the benefit cost analyses has shown that the associated project is economically viable.
(9) Certain Planning Elements within a Planning Study. **(a)** Asset management planning **(b)** Aviation business park analysis **(c)** Business plans

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Table C-6. Examples of Prohibited Projects/Costs for Planning

Examples include, but are not limited to…
(d) Economic benefit studies **(e)** Information technology (IT) master plan or analysis **(f)** Marketing studies **(g)** Minimum standards development **(h)** Rates and charges analysis **(i)** Rules and regulations development **(j)** Snow removal plans **(k)** Strategic business plans **(l)** Surface movement guidance and control system (SMGCS) plans **(m)** Tower sighting studies beyond what general areas will work unless AIP is paying for the tower
(10) Certain Stand-Alone Planning Studies. Portions of system, metropolitan, or master planning projects as stand-alone planning studies unless they are listed as eligible stand-alone studies in Paragraph E-3, Appendix P, or Appendix Q.
(11) Competition Plans – Stand-Alone Grant. Development or update of a competition plan as a stand-alone grant.
(12) Computer Hardware – Planning Projects. Computer hardware in planning projects. This includes Geographic Information System planning and Safety Management System manual and implementation plan development.
(13) GIS Platform. If a sponsor wishes to integrate the FAA-required data with other GIS datasets, then the sponsor must secure the necessary platform to do so at their own expense, as with any other airport operating expense.
(14) Software – SMS. Software or software subscription services for Safety Management System manual and implementation plan development.
(15) Surface Transportation Origin-Destination Surveys. If not required as part of Metropolitan Planning Organization coordination or as part of an eligible multimodal project, surveys to determine the modes of surface transportation airport users are using to get to and from the airport as well as where they are coming from or going to (hotel, home, etc.).

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Appendix D. Miscellaneous Projects

D-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

D-2. Restrictions on the Use of Light Emitting Diode (LED) Lights.

At the time this Handbook was published, the FAA was reviewing the use of LED obstruction lights, LED approach lights and LED high intensity runway edge lights with aircraft using Enhanced Flight Vision Systems or Night Vision Imagery technology that rely on an infrared signature. LED fixtures may not provide this infrared signature. For these reasons, it is FAA policy that LED obstruction lights, LED approach lights, and LED high intensity runway edge lights are not currently AIP eligible.

In addition, it is FAA policy that AIP funds cannot be used to replace AIP funded lighting fixtures with LED fixtures if the existing AIP funded fixtures have not met the end of their useful life.

D-3. Project Requirements Table.

In addition to the information provided in the above paragraphs and the following table, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Stand-Alone Design Only Projects	**(1)** The ADO has every expectation that the associated development project will begin within two years. **(2)** The development work has not been started. If the work has been started, the ADO must include the design work in the development grant.	A set of plans and specifications that is ready to be bid.	Same as development project
b. Construct Wash Rack	**(1)** A wash rack is a pavement area with proper drainage and water runoff collection available for washing aircraft. **(2)** A wash rack is not technically considered apron construction, but	A fully functional wash rack that charges for services and is not exclusive use.	OT OT WR

Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	a revenue producing aeronautical support facility project, and maintenance and repair is not eligible. **(3)** The airport must be a nonprimary airport and only nonprimary entitlements may be used for the project. **(4)** Per 49 USC § 47110(h), the sponsor must certify that all airfield needs have been accommodated. Per FAA policy, the sponsor must adequately demonstrate to the ADO that airside needs within the next three years will be accommodated through local funds or nonprimary entitlement funds. It is APP-500 policy that the sponsor will not be considered for discretionary during that time. **(5)** The ADO must ensure that the proper environmental permits have been obtained.		
c. Fuel Farms (Construct or Improve)	**(1)** For MAP funded projects, see Appendix T, as many of the following requirements do not apply. **(2)** The fuel farm must be owned by the sponsor. The current version of FAA Order 5190.6, FAA Airport Compliance Manual, contains detailed guidance on whether the sponsor may allow a fixed based operator to operate the fuel farm. **(3)** A fuel farm includes the bulk fuel storage tanks, the containment area, the pavement area needed for the fuel farm operations, and pumps and equipment needed to operate the fuel farm. In addition, since fuel trucks must be parked in a containment area when not in use, additional area in the containment area may also be	A fully functional fuel farm that charges for services and is not exclusive use.	OT OT FF

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	included. It also may include self-service fuel pumps for the public (also referred to as credit card pumps). **(4)** Initial installation of self-service fuel pumps project can be done as a stand-alone project. **(5)** A fuel farm is not technically considered apron construction, but a revenue producing aeronautical support facility project, and maintenance and repair is not eligible. **(6)** While expanding an existing fuel farm to increase revenue production is eligible, rehabilitation is not. This includes improvements to address environmental deficiencies. **(7)** The airport must be a nonprimary airport and only nonprimary entitlements may be used for the project. **(8)** Per 49 USC § 47110(h), the sponsor must certify that all airfield needs have been accommodated. Per FAA policy, the sponsor must adequately demonstrate to the ADO that airside needs within the next three years will be accommodated through local funds or nonprimary entitlement funds. It is APP-500 policy that the sponsor will not be considered for discretionary during that time. **(9)** The facility must meet the requirements of 40 CFR § 112.8, Spill Prevention, Control, and Countermeasure Plan Requirements for On-Shore Facilities (excluding production facilities). **(10)** The ADO must ensure that the proper environmental permits have		

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	been obtained.		
d. Construct Deicing Pad *(Includes Associated Facilities)*	**(1)** An exclusive paved area for aircraft deicing or anti-icing activities is eligible if the improvements are to be owned by the airport and will become available on a non-exclusive use basis per 49 USC § 47102. **(2)** A ground deicing pad includes the paved areas, drainage collection structures, treatment and discharge systems, lighting, paved access for deicing vehicles and aircraft. **(3)** The airport must be a commercial service airport. **(4)** This is not the same as a separate deicing containment facility required to serve the aircraft gate area at a terminal. See Appendix S for these projects.	A fully functional aircraft deicing pad that meets FAA standards including aircraft and vehicle access.	ST AP DI
e. Parking Lot (Construct or Rehabilitate)	**(1)** For MAP funded projects, see Appendix T, as many of the following requirements do not apply. **(2)** The airport is a nonprimary commercial service or a nonhub primary airport. **(3)** The parking lot is non-revenue producing. **(4)** The parking lot is public-use. **(5)** Per 49 USC § 47119(c), this is considered an allowable cost of a terminal development project and must follow the terminal building funding rules in Table N-6. Stand-alone grants can be issued for eligible parking lots. **(6)** Per 49 USC § 47119(a)(1)(A), the airport has all safety equipment required for the airport per 49 USC	A fully functional parking lot.	OT OT PA

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	§ 44706 (Airport Operating Certificate), has all security equipment required by rule or regulation, and has provided for access by passenger to the area of the airport for boarding or exiting aircraft that are not air carrier aircraft.		
f. Remove obstructions to support WAAS Approach	**(1)** The project must be supported by a WAAS obstruction removal survey. **(2)** Per 49 USC § 47102(3)(A)(i) and § 47102(4), the removal, lowering, relocating, lighting, and marking obstructions is eligible. **(3)** Per FAA policy, this obstruction removal for WAAS approach purposes may include: **(a) Airport Design Advisory Circular.** Obstruction removal necessary to meet the object clearing criteria in the current version of Advisory Circular 150/5300-13, Airport Design. There are many surfaces and areas contained in the object clearing criteria. They include, but are not limited to, object free areas, runway and taxiway safety areas, obstacle free zones, threshold obstacle clearance surfaces, NAVAID critical areas, 14 CFR Part 77 surfaces, approach and departure surfaces, runway protection zones, runway visibility zones, and inside the building restriction line. The ADO must consult the current version of the advisory circular to determine the current requirements. **(b) 14 CFR Part 77 Surfaces.** Per FAA policy, obstructions to the 14 CFR Part 77 primary	A WAAS approach that is clear of obstructions.	SP OT VI

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	approach and 7:1 transitional surfaces. **(c) TERPS.** Any of the United States Standard for Terminal Instrument Procedures (TERPS) requirements. **(4)** Obstruction removal is limited to obtain 100 feet vertical clearance above the elevation of the runway ends but no more than 5000 feet beyond the end of the runway. **(5)** Rebuilding a facility in a new location is only eligible if the facility meets the requirements in Paragraph 3-68. **(6)** Obstruction removal within runway safety areas must meet the requirements and use the work codes in Appendix G.		
g. Obstructions (Light, Mark, or Remove) *(For Hazards)*	**(1)** Per 49 USC § 47102(3)(A)(i) and § 47102(4), the removal, lowering, relocating, lighting, and marking of airport hazards is eligible. **(2)** Per FAA policy, the object must be determined by the FAA Air Traffic Organization (ATO) to be a hazard (per the current version of FAA Order JO 7400.2, Procedures for Handling Airspace Matters), or would be a significant adverse operational impact if no action were taken (such as cancelling an approach, raising an approach minimum, or relocating the runway threshold).	The elimination or mitigation of an airport hazard.	SA OT OB
h. Obstructions (Light, Mark, or Remove) *(For Standards)*	**(1)** Per 49 USC § 47102(3)(A)(i) and § 47102(4), the removal, lowering, relocating, lighting, and marking obstructions is eligible. **(2)** Per FAA policy, obstructions are eligible standards projects and may include:	The elimination or mitigation of an airport obstruction.	ST OT OB

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(a) Airport Design Advisory Circular. Obstruction removal necessary to meet the object clearing criteria in the current version of Advisory Circular 150/5300-13, Airport Design. There are many surfaces and areas contained in the object clearing criteria. They include, but are not limited to, object free areas, runway and taxiway safety areas, obstacle free zones, threshold obstacle clearance surfaces, NAVAID critical areas, 14 CFR Part 77 surfaces, approach and departure surfaces, runway protection zones, runway visibility zones, and inside the building restriction line. The ADO must consult the current version of the advisory circular to determine the current requirements. **(b) 14 CFR Part 77 Surfaces.** Per FAA policy, obstructions to the 14 CFR Part 77 primary approach and 7:1 transitional surfaces. **(c) TERPS.** Any of the United States Standard for Terminal Instrument Procedures (TERPS) requirements. **(3)** Obstruction removal is limited to obtain 100 feet vertical clearance above the elevation of the runway ends but no more than 5000 feet beyond the end of the runway. **(4)** Rebuilding a facility in a new location is only eligible if the facility meets the requirements in Paragraph 3-68. **(5)** Obstruction removal within runway safety areas must meet the requirements and use the work		

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	codes in Appendix G. **(6)** Obstruction removal to support wide area augmentation system (WAAS) approaches is covered elsewhere in this table and has a different work code. **(7)** If the obstruction removal is part of a larger AIP project, it can be included in the code for that project.		
i. Heliport/Helipad (Construct, Expand, Improve, Modify, Rehabilitate)	**(1)** The ADO must contact AAS-100 for guidance. **(2)** If the project meets the definition of a capacity project CA HE CO must be used. The project meets the definition of a standards project, ST HE CO must be used. Appendix A contains these definitions.	A fully functional heliport or helipad that meets FAA design standards.	CA HE CO ST HE CO
j. Seaplane Base (Rehabilitate)	**(1)** The ADO must contact AAS-100 for guidance.	A fully functional seaplane base that meets FAA design standards.	RE SB IM
k. Seaplane Base (Construct or Improve)	**(1)** The ADO must contact AAS-100 for guidance.	A fully functional seaplane base that meets FAA design standards.	ST SB CO
l. Improve Airport Drainage	**(1)** Stand-alone projects for drainage improvements are eligible to the extent that they are needed to serve areas eligible for AIP assistance. **(2)** The ADO will determine the method of proration. Paragraph 3-85 contains proration examples.	Improved airport drainage that meets FAA design standards.	ST OT IM

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Table D-1. Miscellaneous Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
m. Improve Airport Erosion Control	**(1)** Stand-alone projects for erosion control (blast pads, installation of sod, etc.) are eligible to the extent that they are needed to protect AIP eligible facilities. **(2)** The ADO will determine the method of proration. Paragraph 3-85 contains proration examples.	A reduction in erosion.	ST OT IM
n. Improve Airport Miscellaneous Improvements	**(1)** The ADO must not use this work code without first consulting with APP-520 or APP-400 and obtaining their approval.	N/A	ST OT IM

*The official list of work codes can be obtained from the automated AIP system.

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Appendix E. Planning Projects

E-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

E-2. Conditions for Posting Planning Documents on the Internet.

If the sponsor, or a sponsor's agent such as a consultant, posts an AIP funded planning document on the internet, it is FAA policy that the public must not be required to register to view or download the document (even if the document is posted elsewhere without registration requirements). This is because the collection of personal data may be construed by the public as a surveillance tool for the airport, which may intimidate members of the public, dissuading them from reviewing the document. In addition 5 USC § 552a, The Privacy Act of 1974, prohibits the unnecessary collection of private data by federal agencies.

E-3. Stand-Alone Master Plan and System Plan (Metropolitan and State) Projects.

Table E-1 contains a list of studies can be funded as stand-alone system planning (either as a state system plan or metropolitan system plan) or master planning projects if the ADO determines that they are both necessary and reasonable in scope. Noise compatibility planning can be found in Appendix R and environmental assessments, sustainable master plans, environmental management plans, airport energy assessment studies, and drainage studies can be found in Appendix S.

Table E-1. Eligible Stand-Alone Master Plan or System Plan (State or Metropolitan) Projects

Eligible stand-alone projects are limited to…
a. Pavement Management Programs. This is a two part planning process. First, a pavement condition index (PCI) survey is conducted to establish the current condition of the airfield pavement. Second, a pavement maintenance program is developed to address how the airfield pavement will be maintained or upgraded to acceptable PCI levels. The current version of Advisory Circular 150/5380-6 provides detailed guidance on the preparations of pavement management programs. These two parts can be completed together, or under separate grants, however, the end result must be a pavement management program.
b. Feasibility Studies. These are eligible for establishing a new airport or replacing an existing airport.
c. Site Selection Studies. A site selection study requires a completed ADO approved feasibility study.

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Table E-1. Eligible Stand-Alone Master Plan or System Plan (State or Metropolitan) Projects

Eligible stand-alone projects are limited to…
d. Triggering Event Narrative Reports and Airport Layout Plan. If a specific area of an airport has changed functionality due to a triggering event, and a complete master plan is not necessary, a narrative report (and associated update to the airport layout plan) may be appropriate. Examples of triggering activities that may drive a narrative report are the introduction of new carriers, increased or decreased cargo activity, increased or decreased general aviation activity, a proposed residential through-the-fence operation, new availability of building areas or property, or changes to a nearby airport.
e. Terminal Area Narrative Reports. This may be appropriate if a terminal lacks capacity, has specific security needs, or if the aircraft fleet mix has changed at the airport impacting the terminal building space and use. This is limited to the passenger terminal building and associated facilities (a triggering event narrative report is appropriate for all other facilities). In addition, only planning, not preliminary design, is eligible under this project.
f. Obstruction Surveys. This normally involves a survey for all of the runways on an airport and is performed to identify existing obstructions to the existing runway approaches. Aeronautical surveys for Wide Area Augmentation System (WAAS) approaches have a separate work code as listed in Table E-2.
g. Airport Certification Manuals. Only the initial airport certification manual developed for a newly certificated 14 CFR Part 139 airport with scheduled air carrier service greater than 9 seats and/or unscheduled air carrier service greater than 30 passenger seats is eligible. Per APP-500 policy, this is considered planning because it is necessary for the airport to begin operations. Updates are considered operational, not planning.
h. Other Specifically Approved Stand-Alone Projects. Stand-alone projects that APP-500 and APP-400 have approved in writing prior to the ADO approving the scope of the project.
i. Develop Environmental Management Systems (EMS). The requirements for this type of planning project are included in Appendix S.
j. Recycling Plans. These types of plans are eligible under 49 USC § 47102(5)(C) and include developing a plan for recycling and minimizing the generation of airport solid waste, consistent with applicable state and local recycling laws. The cost of a waste audit is an allowable cost under these plans. These plans are newly eligible under the FAA Modernization and Reform Act of 2012, and until APP-400 issues guidance on the requirements for recycling plans, the ADO must coordinate the scope of these plans with APP-400.
k. Disparity Studies. The purpose of a disparity study is to determine whether there is evidence of discrimination or its effects showing a compelling need for an airport sponsor's DBE program. A disparity study will show whether there is evidence of discrimination supporting the need for race-based measures. The ADO must contact the FAA Office of Civil Rights (ACR) as soon as this type of study is proposed**.**

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E-4. Project Requirements Table.

In addition to the information provided in the above paragraphs and the following table, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
a. State System Plan Study (Conduct or Update)	**(1)** The project must meet the requirements of the current version of Advisory Circular 150/5070-7, The Airport System Planning Process. **(2)** The ADO must have determined that the plan is necessary and justified and approved the scope of work. The needs of airports differ in as many ways as there are airports. Although similar airports with similar roles may share common characteristics, system planning looks at specific needs and assets at the airports in question. Not all airports need to do all of the elements identified in the current version of Advisory Circular 150/5070-7, The Airport System Planning Process. **(3)** APP-400 is available to answer questions regarding which elements in these plans are justified and how often the plans must be updated. **(4)** Table E-1 contains the list of planning elements that can be funded as stand-alone state system plan projects. **(5)** The sponsor is a planning agency sponsor as defined in Table 2-4.	A completed state system plan that meets the advisory circular requirements and the ADO has officially accepted.	PL PL ST (full state system plan study) Note: The ADO must use Conduct/ Update Miscellaneous Study (PL PL MS) for eligible stand-alone projects in Paragraph E-3).
b. Metropolitan System Plan Study (Conduct or Update)	**(1)** The project must meet the requirements of the current version of Advisory Circular 150/5070-7, The Airport System Planning Process, and determined by the FAA to be necessary area of study.	A completed metropolitan system plan that meets the advisory circular requirements and	PL PL ME (full metropolitan system plan study) Note: The

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Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
	(2) The ADO must have determined that the plan is necessary and justified and approved the scope of work. The needs of airports differ in as many ways as there are airports. Although similar airports with similar roles may share common characteristics, metropolitan planning looks at specific needs and assets at the airports in question. Not all airports need to do all of the elements identified in the current version of Advisory Circular 150/5070-7, The Airport System Planning Process. **(3)** APP-400 is available to answer questions regarding which elements in these plans are justified and how often the plans must be updated. **(4)** Table E-1 contains the list of planning elements that can be funded as stand-alone metropolitan system plan projects. **(5)** The sponsor is a planning agency sponsor as defined in Table 2-4.	the ADO has officially accepted.	ADO must use Conduct/ Update Miscellaneous Study (PL PL MS) for eligible stand-alone projects in Paragraph E-3).
c. Airport Master Plan Study (Conduct or Update)	**(1)** The project must meet the requirements of the current version of Advisory Circular 150/5070-6, Airport Master Plans, and determined by the FAA to be necessary area of study. **(2)** The ADO must have determined that the plan is necessary and justified and approved the scope of work. The needs of airports differ in as many ways as there are airports. Although similar airports with similar roles may share common characteristics, master planning looks at the specific needs and assets at the airport in question. Not all airports need to do all of the elements identified in the current version of Advisory	An FAA accepted master plan and FAA approved airport layout plan that meet the advisory circular requirements.	PL PL MA (full master plan study) Note: The ADO must use Conduct/ Update Miscellaneous Study (PL PL MS) for eligible stand-alone projects in Paragraph E-3).

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Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
	Circular 150/5070-6, Airport Master Plans. In some cases, a narrative report and an ALP update may suffice. **(3)** APP-400 is available to answer questions regarding which elements in these plans are justified and how often the plans must be updated. **(4)** Table E-1 contains the list of planning elements that can be funded as stand-alone master plan projects. **(5)** For sponsors that own multiple airports, a single grant may be issued to conduct a master plan for the sponsor's airports. This is not considered a state or metropolitan system plan, but may include some of the elements found in these types of studies. The grant must specify which airports will be included in the study. **(6)** Per 49 USC § 47102(5)(C), the master plan must address issues related to solid waste recycling at the airport. This is a new master plan requirement under the FAA Modernization and Reform Act of 2012, and until APP-400 issues guidance on this requirement, the ADO must coordinate this portion of the master plan scope with APP-400. **(7)** Per 49 USC § 47102(5)(C), the FAA Modernization and Reform Act of 2012 also made the cost of a waste audit an allowable master planning element.		

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Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
d. Conduct an Aeronautical Survey for WAAS Approach	**(1)** APP-400 must have concurred with the survey (to avoid duplication of effort with the WAAS office) before the ADO can program the grant. **(2)** The project must meet the requirements of the current versions of: **(a)** Advisory Circular 150/5300-16, General Guidance and Specifications for Aeronautical Surveys: Establishment of Geodetic Control and Submission to the National Geodetic Survey. **(b)** Advisory Circular 150/5300-17, General Guidance and Specifications for Aeronautical Survey Airport Imagery Acquisition and Submission to the National Geodetic Survey. **(c)** Advisory Circular 150/5300-18, General Guidance and Specifications for Submission of Aeronautical Surveys to NGS: Field Data Collection and Geographic Information System (GIS) Standards.	A set of electronic airport data that meets FAA standards.	PL PL VI
e. Prepare SMS Manual and Implementation Plan	**(1)** The project must meet the requirements of the current version of FAA Order 5200.11, FAA Airports (ARP) Safety Management System. **(2)** This is an eligible project for all airports, however, the ADO must determine that the project costs for airports that are not 14 CFR Part 139 certificated are reasonable and reflect the scale and complexity of the airports infrastructure and operating environment. **(3)** The sponsor must receive ADO approval of the scope of work, deliverables, and cost estimates in	An SMS manual and implementation plan that meets the requirements of AAS-300.	PL PL MS

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Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
	order for the costs to be considered allowable. **(4)** Development of an SMS manual remains eligible even if an airport chooses to include the SMS manual in its Airport Certification Manual. **(5)** If a sponsor chooses to include aspects in the SMS manual and implementation plan that are outside the control of the sponsor, the sponsor must provide proration calculations for the ADO to exclude these costs from the grant. If the ADO does not agree with the prorated costs, the sponsor must revise the proration to address the concerns. The ADO also has the option to disallow the inclusion of these aspects from the SMS manual and implementation plan. In addition, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met. **(6)** Other SMS activities and costs associated with a project must be included as project formulation costs or preliminary project costs for the grant for that project (see Paragraph 3-77 for additional details).		
f. Wildlife Hazard Assessments *(Or Site Visits)*	**(1)** AAS-300 has made a determination that Wildlife Hazards Assessments are justified at the following types of airports: **(a)** General aviation (and reliever) airports that have 100 or more based jets. **(b)** General aviation (and reliever) airports that have 75,000 or more annual operations. **(c)** 14 CFR Part 139 airports.	An FAA accepted wildlife hazard assessment mitigation with an associated wildlife hazard management plan.	PL PL WH

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Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
	(2) AAS-300 has determined that general aviation (and reliever) airports with fewer than 100 based jets or less than 75,000 annual operations may only need a wildlife hazard site visit. AAS-300 will determine if a wildlife hazard assessment is needed based on the results of the site visit. **(3)** A wildlife hazard management plan must be prepared based on the wildlife hazard assessment or site visit. This wildlife hazard management plan is eligible as part of the wildlife hazard assessment project. Normally the wildlife hazard management plan is done within the same grant. However, the wildlife hazard management plan is eligible as a stand grant as long as it is based on an FAA-approved wildlife hazard assessment. **(4)** The sponsor must first solicit qualifications from private sector firms under either the competitive proposal process or the small procurement process (see 49 CFR §§ 18.36(c) and 18.36(d) in Appendix U for these requirements). Since the U.S. Department of Agriculture (USDA) Wildlife Services (WS) is a governmental entity, the sponsor cannot include USDA WS as a qualified source under these procurement processes. However, the sponsor can separately obtain price and schedule information from USDA WS. If the sponsor determines that the qualified sources cannot reasonably or expeditiously provide the services, the sponsor may opt to use USDA WS as long as the sponsor provides a written statement to the ADO to this affect prior to the grant		

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Table E-2. Planning Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	WorkCode*
	application. The ADO must include this written statement in the grant files. **(5)** AAS-300 is available for specific guidance on the scope of wildlife hazard assessments.		

*The official list of work codes can be obtained from the automated AIP system.

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Appendix F. New Airport Projects

F-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

F-2. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table F-1. New Airport Work Codes

If the project is justified as follows…	Use the following work codes…
a. The project meets the definition of a capacity project (see Appendix A).	CA NA CO
b. The project meets the definition of a standards project (see Appendix A).	ST NA CO

Table F-2. New Airport Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Construct New Airport *(Replacement)*	**(1)** The airport is needed to replace an existing airport that is unable to meet long-term aviation demand in the community because the existing airport is constrained. **(2)** The ADO must notify APP-400 as soon the ADO becomes aware that a new airport is being considered and the ADO must keep APP-400 involved during the entire process. **(3)** The ADO must obtain APP-400 concurrence and APP-1 approval prior to issuing a grant for the feasibility study. A feasibility study to replace a NPIAS airport can be undertaken without adding the new	A new airport constructed to FAA design standards.	ST NA CO CA NA CO See Table F-1 for the correct work code.

Table F-2. New Airport Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	airport to the NPIAS. **(4)** The ADO must not issue a grant for any work beyond the feasibility study unless all of the following criteria have been met: **(a)** The sponsor has completed the feasibility study. **(b)** The ADO has concurred that the feasibility study supports the replacement airport. **(c)** ADO has obtained APP-400 concurrence and APP-1 approval prior to APP-400 adding the airport to the NPIAS. **(d)** The FAA must have approved the release of the old airport and approved how the federal share must be reinvested per the current version of FAA Order 5190.6, FAA Airport Compliance Manual. **(e)** The sponsor has agreed to permanently close the existing airport when the new airport opens. **(f)** If the airport is a capacity project (historically, the majority have been standards projects), the benefit-cost analysis (BCA) requirements in Paragraph 3-13 have been met. **(5)** Value Engineering must be used for new primary airports as outlined in Paragraph 3-50. **(6)** Per 49 USC § 47106(c)(1)(A)(i), the sponsor must provide an opportunity for a public hearing as part of meeting the environmental requirements. **(7)** The justifications for AIP funded airport facilities (runways, terminals, etc.) must follow the		

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Table F-2. New Airport Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	guidelines in the specific tables for those items.		
b. Construct New Airport *(Supplemental)*	**(1)** The airport is needed to supplement an existing NPIAS airport and the existing NPIAS airport stays open. It would be unusual to have a new general aviation airport supplement an existing general aviation airport. Typically, a supplemental airport would be considered to provide additional capacity for a large, medium, or small hub airport. **(2)** The ADO must notify APP-400 as soon the ADO becomes aware that a new airport is being considered and the ADO must keep APP-400 involved during the entire process. **(3)** The ADO must obtain APP-400 concurrence and APP-1 approval prior to issuing a grant for the feasibility study. A feasibility study to supplement a NPIAS airport can be undertaken without adding the new airport to the NPIAS. **(4)** The ADO must not issue a grant for any work beyond the feasibility study unless all of the following criteria have been met: **(a)** The sponsor has completed the feasibility study. **(b)** The ADO has concurred that the feasibility study supports the replacement airport. **(c)** ADO has obtained APP-400 concurrence and APP-1 approval prior to APP-400 adding the airport to the NPIAS. **(d)** The benefit-cost analysis (BCA) requirements in Paragraph 3-13 have been met.	A new airport constructed to FAA design standards.	CA NA CO

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Table F-2. New Airport Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(5) Value Engineering must be used for new primary airports as outlined in Paragraph 3-50. **(6)** Per 49 USC § 47106(c)(1)(A)(i), the sponsor must provide an opportunity for a public hearing as part of meeting the environmental requirements. **(7)** The justifications for AIP funded airport facilities (runways, terminals, etc.) must follow the guidelines in the specific tables for those items.		
c. Construct New Airport *(Additional)*	**(1)** The community must not have an existing NPIAS airport. **(2)** The ADO must notify APP-400 as soon the ADO becomes aware that a new airport is being considered and the ADO must keep APP-400 involved during the entire process. **(3)** The ADO must obtain APP-400 concurrence and APP-1 approval that an additional NPIAS location is feasible and would meet entry criteria. APP-400 must identify the additional airport in the NPIAS before the ADO can program any grants for the additional airport. A feasibility study can be undertaken once the new location is added to the NPIAS. **(4)** The ADO must not program a grant for any work other than a feasibility study until all of the following criteria have been met: **(a)** The sponsor has completed the feasibility study. **(b)** The ADO has concurred that the feasibility study supports the replacement airport. **(c)** ADO has obtained APP-400 concurrence and APP-1 approval prior to APP-400	A new airport constructed to FAA design standards.	CA NA CO

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Table F-2. New Airport Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	adding the airport to the NPIAS. **(d)** The benefit-cost analysis (BCA) requirements in Paragraph 3-13 are met. **(5)** Value Engineering must be used for new primary airports as outlined in Paragraph 3-50. **(6)** Per 49 USC § 47106(c)(1)(A)(i), the sponsor must provide an opportunity for a public hearing as part of meeting the environmental requirements. **(7)** The justifications for AIP funded airport facilities (runways, terminals, etc.) must follow the guidelines in the specific tables for those items.		
d. Acquire Existing Airport	**(1)** These requirements are typically for a public sponsor acquiring a privately-owned airport or possibly another public-owned airport. **(2)** These requirements do not apply to airports under the Military Airport Program (those requirements are contained in Section 3 of Chapter 6). **(3)** The ADO must notify APP-400 as soon the ADO becomes aware that acquisition is being considered and the ADO must keep APP-400 involved during the entire process. **(4)** If the airport is not in the NPIAS (including non-NPIAS former military or joint use airports not in the Military Airport Program), the ADO must obtain APP-400 concurrence and APP-1 approval prior to issuing a grant for the feasibility study. A feasibility study to replace a NPIAS airport can be undertaken without adding the new airport to the NPIAS. If the airport is in the NPIAS, a feasibility study	Acquisition of an airport that meets, or can be upgraded to meet FAA standards.	ST NA AQ

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Table F-2. New Airport Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	is not required. **(5)** The ADO must not issue a grant for any work beyond the feasibility study unless all of the following criteria have been met: **(a)** The sponsor has completed the feasibility study. **(b)** The ADO has concurred that the feasibility study supports the replacement airport. **(c)** If the airport is not in the NPIAS, the ADO has obtained APP-400 concurrence and APP-1 approval prior to APP-400 adding the airport to the NPIAS. **(d)** If the existing airport is in the NPIAS, the ADO has obtained ACO-100 and APP-500 approval prior to programming the grant. **(6)** The justifications for AIP funded acquisition of the airport facilities (runways, terminals, etc.) must follow the guidelines in the specific tables for those items. **(7)** If the airport is a former military or joint use airport (not in the Military Airport Program), the AIP eligible work is limited to buying out the non-federal tenants for eligible facilities. This is because the federally owned portions of the airport must be transferred, not purchased. The ADO must contact APP-400 and obtain additional guidance on this process.		

*The current list of work codes can be obtained from the automated AIP system.

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Appendix G. Runway Projects

G-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

G-2. Project Requirements Tables.

In addition to the information provided in the above paragraph and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table G-1. Distinctions between Construct, Extend, Widen, Strengthen, and Rehabilitate

Use the following description…	If the project will…
a. Construct	Build a brand new runway.
b. Extend	Add additional length to a runway.
c. Widen	Increase the pavement width.
d. Strengthen	Will allow the pavement to accommodate a heavier class of aircraft.
e. Rehabilitate	Improves the pavement for the same class of aircraft.

Table G-2. Runway Work Codes

If the project is justified as follows…	Use the following work codes…
c. The project meets the definition of a capacity project (see Appendix A).	CA RW CO (construct) CA RW EX (extend)
d. The project meets the definition of a standards project (see Appendix A).	ST RW CO (construct) ST RW IM (extend) ST RW IM (widen) ST RW IM (strengthen)
e. The project is justified in an environmental finding or 14 CFR Part 150 program for environmental reasons. The project must be a condition of the environmental finding or 14 CFR Part 150 program.	EN RW CO (construct)

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Runway (Construct, Extend, Widen, Strengthen)	**(1)** Where a study is required to demonstrate need, the FAA must have accepted the study and concurred with the need **(2)** For a runway capacity project intended to relieve scheduled commercial air service congestion or add capacity for scheduled commercial air service in metropolitan areas with a large or medium hub airport, the ADO must determine consistency with a regional or state system plan document (if available) prior to programming the grant. **(3)** The length, width, and strength of the pavement work must be based on critical aircraft justification per Paragraph 3-10. The exception is if the project meets the requirements in Paragraph 3-23 to exceed FAA design standards. **(4)** Runways must be planned, designed and constructed in accordance with current FAA standards, including clearing the approach slopes that will be used upon completion of the project. For runway projects, object clearing and approach surfaces must be appropriate to the instrument approach procedures for that runway. If the approaches to a new runway or extended runway end will not be clear, the project does not meet FAA standards. **(5)** If the runway has a non-standard runway protection zone (RPZ), the RPZ requirements per the current version of Advisory Circular 150/5300-13, Airport Design must be followed. **(6)** Crosswind runways may be justified if the crosswind criteria of	An operational runway constructed to FAA design standards, including required proper access, clear approaches, shoulders, turf along edge of shoulders, signs, marking, and lighting.	CA RW CO CA RW EX ST RW CO ST RW IM EN RW CO See Table G-2 for the correct work code.

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	95% wind coverage are not met on the primary runway. In addition, the justification must be based upon the number and type of aircraft that would use the crosswind in accordance with current APP-400 policy. **(7)** The approval criteria and coding for turf and aggregate runways is the same as for paved runways. The design requirements for unpaved runways may be found in Unpaved (Turf) Runway Criteria (see Appendix B for link). If this project is required because the FAA Office of Aviation Safety (AVS) has issued a finding that ultralight aircraft must be relocated from the paved runway, the ADO must contact AAS-100 for further guidance. **(8)** Per 49 USC § 47106(c)(1)(A)(i), the sponsor must provide an opportunity for a public hearing for a new runway or major runway extension as part of meeting the environmental requirements. **(9)** The project may include runway safety area improvements (stand-alone projects are also covered in this table) or other runway approach obstruction removal (stand-alone projects are covered in Appendix D). **(10)** Runway lighting may be included for the new runway pavement as long as it meets the runway lighting requirements in Appendix J. Per APP-520 policy, runway lighting for existing pavement must be separated into a stand–alone project. **(11)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table G-1.		

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
b. Surface Treatment (Apply Porous Friction Course or Groove Runway) *(Commercial service airports only)*	**(1)** Surface treatment for primary and secondary runways at commercial service airports is high priority, and documentation for the project files must include an explanation when it is not accomplished. **(2)** Surface treatment is eligible as a stand-alone project at a commercial service airport.	An operational runway with surface treatment.	SP RW FR
c. Surface Treatment (Apply Porous Friction Course or Groove Runway) *(Non-commercial service airports only)*	**(1)** Surface treatment for a non-commercial service airport is justified if the runway serves turbojet aircraft and the runway length is 5,000 feet or more.	An operational runway with surface treatment.	ST RW IM
d. Rehabilitate Runway *(Pavement Maintenance)*	**(1)** Maintenance is generally ineligible. However, per 49 USC § 47102(3)(H), the exception is routine runway, taxiway, or apron **pavement** maintenance at nonhub primary airports and nonprimary airports. Maintenance of a turf or aggregate runway is ineligible at any size airport. Paragraph 3-6 contains additional guidance and examples. **(2)** It is FAA policy that the sponsor must be unable to fund maintenance with its own resources.	An operational runway.	RE RW IM
e. Rehabilitate Runway (Rehabilitate or Reconstruct)	**(1)** The work must be supported a Pavement Condition Index (PCI) or planning study. The ADO has the option to consult AAS-100 for assistance with justifying pavement rehabilitation or reconstruction. **(2)** The length and width of the pavement work must be based on critical aircraft justification per Paragraph 3-10. The exception is if the project meets the	A fully functional runway with extended useful life.	RE RW IM

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	requirements in Paragraph 3-23 to exceed FAA design standards. **(3)** Paragraph 3-6 contains additional guidance (including useful life requirements and that turf and aggregate runway rehabilitation is eligible) and examples that the ADO must use to differentiate between pavement maintenance, rehabilitation, and reconstruction. **(4)** The pavement must not have been reconstructed within the last 20 year, rehabilitated within the last 10 years or to reseal within the last 3 years without further justification acceptable to the ADO. **(5)** The application of asphalt seal coats or resealing of joints in concrete pavement is also eligible as a stand-alone project provided: **(a)** A major portion of the pavement is being addressed. **(b)** The ADO concurs with the need for the project. **(c)** The sponsor has satisfactorily complied with assurances on pavement maintenance. **(6)** The project may include runway safety area improvements (stand-alone projects are also covered in this table) or other runway approach obstruction removal (stand-alone projects are covered in Appendix D). **(7)** Only in pavement runway lighting can be included in the rehabilitation project (as long as it meets the runway lighting requirements in Appendix J). Per APP-520 policy, all other runway lighting must be separated into a stand –alone project.		

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
f. Construct, Extend or Improve a Runway Safety Area *(For 14 CFR Part 139 certificated runways only)*	**(1)** The project must be supported by a regional determination under the current version of FAA Order 5200.8, Runway Safety Area Program, to establish a safety area. **(2)** Engineered Material Arresting Systems (EMAS) must be supported by a runway safety area determination. **(3)** The only EMAS rehabilitation that is eligible is lid rehabilitation for EMAS installed with AIP funds prior to fiscal year 2007. **(4)** EMAS panels that were destroyed by an aircraft are eligible only if the sponsor can prove that there is no other avenue, such as insurance, for funding the replacement. **(5)** Where an airport is improving its RSA and existing FAA-owned equipment will be impacted by the airport's RSA project, it is FAA policy that the ADO may be able to include the relocation of the FAA-owned equipment as part of the AIP project. However, where the airport's RSA meets the RSA standards except for FAA-owned equipment, it is FAA policy that the Air Traffic Organization is responsible for relocating and/modifying the FAA-owned equipment in the RSAs. This policy is contained in the Relocation of FAA-owned Equipment from Runway Safety Areas jointly signed on July 31, 2012 by ARP-1 and AJO-0.	A runway safety area that incorporates all of the improvements outlined in the regional determination.	SA RW SF

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
g. Construct, Extend or Improve a Runway Safety Area *(For runways that are not 14 CFR Part 139 certificated)*	**(1)** The project must be supported by a regional determination under the current version of FAA Order 5200.8, Runway Safety Area Program, to establish a safety area. **(2)** Engineered Material Arresting Systems (EMAS) must be supported by a runway safety area determination. **(3)** The only EMAS *rehabilitation* that is eligible is lid rehabilitation (encasing the top of the blocks) for EMAS installed with AIP funds prior to fiscal year 2007. After fiscal year 2007, the manufacturer began fully encasing the blocks, which eliminated the need for lid replacement. **(4)** EMAS panel *replacement* for panels that were destroyed by an aircraft is eligible if the sponsor has determined that there is no other avenue, such as insurance, for funding the replacement. **(5)** Where an airport is improving its RSA and existing FAA-owned equipment will be impacted by the airport's RSA project, it is FAA policy that the ADO may be able to include the relocation of the FAA-owned equipment as part of the AIP project. However, where the airport's RSA meets the RSA standards except for FAA-owned equipment, it is FAA policy that the Air Traffic Organization is responsible for relocating and/modifying the FAA-owned equipment in the RSAs. This policy is contained in the Relocation of FAA-owned Equipment from Runway Safety Areas jointly signed on July 31, 2012 by ARP-1 and AJO-0.	A runway safety area that incorporates all of the improvements outlined in the regional determination.	ST RW SF

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Table G-3. Runway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
h. Runway Surface Condition Sensors	**(1)** The runway sensors must transit airfield conditions so that the timing of chemical applications may be determined. **(2)** The ADO must have concurred that the local weather conditions justify the need for the equipment. **(3)** The purpose is to ensure that aircraft can land and take off safely. Therefore, only runways are eligible for sensors. **(4)** The equipment must be designed and installed in accordance with the current version of Advisory Circular 150/5200-30, Airport Winter Safety and Operations. Based on this advisory circular, three or four sensors are normally sufficient for a runway.	An operational system that successfully transmits runway conditions and indicates when chemical treatment must be applied.	ST RW SR

*The current list of work codes can be obtained from the automated AIP system.

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Appendix H. Taxiway Projects

H-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

H-2. Taxiway Geometry.

AIP participation in a taxiway is limited to the requirements of the current version of Advisory Circular 150/5320-6, Airport Pavement Design and Evaluation, and the current version of Advisory Circular 150/5300-13, Airport Design. The common forms of taxiway pavements projects are listed below. For the purposes of this Handbook, the term *taxiway* refers to any of these types of projects so long as they are public-use.

a. Parallel and Partial Parallel Taxiway. A full length parallel taxiway connected to each end of a runway. If the runway is eligible and justified, then a parallel taxiway is eligible. A partial parallel taxiway is also eligible if the runway is eligible and justified and is normally considered at low activity airports where cost to construct the full length is excessive and the benefits do not warrant a full parallel taxiway. Construction of parallel taxiways to support an approved WAAS approach is covered in Appendix K.

b. Turnarounds. Turnarounds (also referred to as teacups) are small taxiways constructed at the end of a runway so that aircraft can change direction on the runway. A turnaround is eligible if the runway is eligible and justified. They are normally constructed at low activity airports when it is not economically feasible to construct a parallel or partial taxiway.

c. Holding Bays. Holding bays (also referred to as run-up pad and holding pads) are a paved area off the taxiway near the end of the runway where aircraft can conduct their final preflight activities or can wait for departure clearance or tower instruction. A holding bay is eligible if the runway is eligible and justified and the holding bay meets the justification requirements in the current version of Advisory Circular 150/5300-13, Airport Design.

d. Other Taxiways. A taxiway is a defined path for taxing of aircraft from one point to another. Taxiways on, or connecting to , aprons available for use by the general public are eligible.

e. Taxilanes. Taxilanes are used for access between taxiways and aircraft parking positions. They are outside the aircraft movement area controlled by the tower (if a towered airport). Public use taxilanes are eligible.

f. Taxilanes to a Hangar. All of the taxilane, except the pavement in front of a hangar that cannot be used for public parking or taxiing of aircraft, is eligible as taxilane work. For hangars for Group I aircraft, the ineligible pavement in front of the hangar is 27 feet, for Group II aircraft is 40 feet, and for Group III is 56 feet. Note that this is one half of the taxilane object free area minus one half of the taxilane width. This pavement may be eligible as hangar work provided it is associated with an eligible hangar.

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g. Converting Runways to Taxiways. Development related to the conversion of an ineligible runway to a taxiway will be eligible only if it can be justified on the basis of the costs involved and continuing use is assured. Such projects must be identified on the airport layout plan and the pavement markings must be modified to meet FAA design standards.

H-3. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table H-1. Distinctions between Construct, Extend, Widen, Strengthen, and Rehabilitate

Use the following description…	If the project will…
a. Construct	Build a brand new taxiway.
b. Extend	Add additional length to a taxiway.
c. Widen	Increase the pavement width.
d. Strengthen	Will allow the pavement to accommodate a heavier class of aircraft.
f. Rehabilitate	Improves the pavement for the same class of aircraft.

Table H-2. Taxiway Work Codes

If the project is justified as follows…	Use the following work codes…
a. The project meets the definition of a capacity project (see Appendix A).	CA TW CO (construct) CA TW EX (extend)
b. The project meets the definition of a standards project (see Appendix A).	ST TW CO (construct) ST TW IM (extend) ST TW IM (widen) ST TW IM (strengthen)
f. The project is justified in an environmental finding or 14 CFR Part 150 program for environmental reasons. The project must be a condition of the environmental finding or 14 CFR Part 150 program.	EN TW CO (construct)

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Table H-3. Taxiway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Taxiway (Construct, Extend, Widen, Strengthen)	**(1)** The taxiway must connect runways, taxiways, public-use aprons, or buildings eligible at that airport. **(2)** The length, width, and strength of the pavement work must be based on critical aircraft justification per Paragraph 3-10. The exception is if the project meets the requirements in Paragraph 3-23 to exceed FAA design standards. **(3)** Taxiway lighting may be included for the new taxiway pavement as long as it meets the taxiway lighting requirements in Appendix J. Per APP-520 policy, taxiway lighting for existing pavement must be separated into a stand –alone project. **(4)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table H-1. **(5)** Construction of parallel taxiways to support an approved WAAS approach is covered elsewhere in this table and has a different work code.	An operational taxiway constructed to FAA design standards, including required proper access, shoulders, turf along edge of shoulders, signs, taxiway safety areas, marking, and lighting.	CA TW CO CA TW EX EN TW CO ST TW CO ST TW IM See Table H-2 for the correct work code.
b. Install Infrastructure to support WAAS Approach *(Parallel Taxiway)*	**(1)** This is for a parallel taxiway required for an approved WAAS approach.	An operational taxiway constructed to FAA design standards, including required proper access, shoulders, turf along edge of shoulders, signs, marking, and taxiway lighting.	SP OT VI
c. Rehabilitate Taxiway *(Pavement Maintenance)*	**(1)** Maintenance is generally ineligible. However, per 49 USC § 47102(3)(H), the exception is routine runway, taxiway, or apron pavement maintenance at nonhub primary airports and nonprimary	An operational taxiway.	RE TW IM

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Table H-3. Taxiway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	airports. Paragraph 3-6 contains additional guidance and examples. **(2)** It is FAA policy that the sponsor must be unable to fund maintenance with its own resources. **(3)** The taxiway must connect runways, taxiways, public-use aprons, or buildings eligible at that airport.		
d. Rehabilitate Taxiway (Rehabilitate or Reconstruct)	**(1)** The work must be supported a Pavement Condition Index (PCI) or planning study. The ADO has the option to consult AAS-100 for assistance with justifying pavement rehabilitation or reconstruction. **(2)** The length and width of the pavement work must be based on critical aircraft justification per Paragraph 3-10. The exception is if the project meets the requirements in Paragraph 3-23 to exceed FAA design standards. **(3)** Paragraph 3-6 contains additional guidance (including useful life requirements) and examples that the ADO must use to differentiate between pavement maintenance, rehabilitation, and reconstruction. **(4)** The pavement must not have been reconstructed within the last 20 year, rehabilitated within the last 10 years or to reseal within the last 3 years without further justification acceptable to the ADO. **(5)** The application of asphalt seal coats or resealing of joints in concrete pavement is also eligible as a stand-alone project provided: **(a)** A major portion of the pavement is being addressed. **(b)** The ADO concurs with the need for the project. **(c)** The sponsor has satisfactorily	A fully functional taxiway with extended useful life.	RE TW IM

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Table H-3. Taxiway Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	complied with assurances on pavement maintenance. **(6)** The taxiway must connect runways, taxiways, public-use aprons, or buildings eligible at that airport. **(7)** Only in-pavement taxiway lighting can be included in the rehabilitation project (as long as it meets the taxiway lighting requirements in Appendix J). Per APP-520 policy, all other taxiway lighting must be separated into a stand –alone project.		

*The official list of work codes can be obtained from the automated AIP system.

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Appendix I. Apron Projects

I-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

I-2. Non-Exclusive Use Available for Public Aircraft Parking/Access.

Apron pavement is only eligible if it will be used for aircraft parking and is not exclusive use (see Appendix A for a definition and references on exclusive use). A good rule of thumb is that the public should be able to park on the pavement in order for it to be considered eligible apron area.

The portion of the apron project that will be used for support areas, such as service vehicle parking and fixed based operator equipment storage, is not eligible.

I-3. Apron in Front of a Hangar.

The apron in front of a hangar that cannot be used for public parking or taxiing of aircraft is considered hangar development. For hangars for Group I aircraft, this area is 27 feet in front of the hangar, for Group II aircraft is 40 feet in front of the hangar, and for Group III is 56 feet in front of the hangar. Note that this is one half of the taxilane object free area minus one half of the taxilane width. This pavement may be eligible as hangar work provided it is associated with an eligible hangar.

The rest of the apron pavement in front of a hangar is only eligible as apron work if is available for public aircraft parking and is not exclusive use.

I-4. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table I-1. Distinctions between Construct, Expand, Strengthen, and Rehabilitate

Use the following description…	If the project will…
a. Construct	Build a brand new apron.
b. Extend	Add additional area to an apron.
c. Widen	Increase the pavement width.

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Table I-1. Distinctions between Construct, Expand, Strengthen, and Rehabilitate

Use the following description…	If the project will…
d. Strengthen	Will allow the pavement to accommodate a heavier class of aircraft.
g. Rehabilitate	Improves the pavement for the same class of aircraft.

Table I-2. Apron Work Codes

If the project is justified as follows…	Use the following work codes…
a. The project meets the definition of a capacity project (see Appendix A).	CA AP CO (construct) CA AP EX (expand)
b. The project meets the definition of a standards project (see Appendix A).	ST AP CO (construct) ST AP IM (expand) ST AP IM (strengthen)
c. The project is justified in an environmental finding or 14 CFR Part 150 program for environmental reasons. The project must be a condition of the environmental finding or 14 CFR Part 150 program.	EN AP CO (construct)

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Table I-3. Apron Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Apron (Construct, Expand, Strengthen)	**(1)** The project cannot include pavement for auto parking or other non-aeronautical uses. **(2)** The project cannot include pavement for exclusive use areas (must be open to the public to park their aircraft). **(3)** Cargo aprons are limited use and the public is not allowed to freely use the apron. However, apron for	An operational apron constructed to FAA design standards, including required proper access, shoulders, turf along edge of shoulders, signs,	CA AP CO CA AP EX ST AP CO ST AP IM EN AP CO See Table I-2 for the correct work code.

Table I-3. Apron Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	freight or cargo activity is eligible if the opportunity to compete for use of the apron is available.	marking, and lighting.	
b. Rehabilitate Apron (Pavement Maintenance)	**(1)** The project cannot include pavement for auto parking or other non-aeronautical uses. **(2)** The project cannot include pavement for exclusive use areas (must be open to the public to park their aircraft). **(3)** Maintenance is generally ineligible. However, per 49 USC § 47102(3)(H), the exception is routine runway, taxiway, or apron pavement maintenance at nonhub primary airports and nonprimary airports. Paragraph 3-6 contains additional guidance and examples. **(4)** It is FAA policy that the sponsor must be unable to fund maintenance with its own resources.	An operational apron.	RE AP IM
c. Rehabilitate Apron (Rehabilitate or Reconstruct)	**(1)** The project must not include pavement for auto parking or other non-aeronautical uses. **(2)** The project must not include pavement for exclusive use areas (must be open to the public to park their aircraft). **(3)** The work must be supported a Pavement Condition Index (PCI) or planning study. The ADO has the option to consult AAS-100 for assistance with justifying pavement rehabilitation or reconstruction. **(4)** The length and width of the pavement work must be based on critical aircraft justification per Paragraph 3-10. The exception is if the project meets the requirements in Paragraph 3-23 to	A fully functional runway with extended useful life.	RE AP IM

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Table I-3. Apron Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	exceed FAA design standards. **(5)** Paragraph 3-6 contains additional guidance (including useful life requirements) and examples that the ADO must use to differentiate between pavement maintenance, rehabilitation, and reconstruction. **(6)** The pavement must not have been reconstructed within the last 20 year, rehabilitated within the last 10 years or to reseal within the last 3 years without further justification acceptable to the ADO. **(7)** The application of asphalt seal coats or resealing of joints in concrete pavement is also eligible as a stand-alone project provided all of the following conditions are met: **(a)** A major portion of the pavement is being addressed. **(b)** The ADO concurs with the need for the project. **(c)** The sponsor has satisfactorily complied with assurances on pavement maintenance.		

*The official list of work codes can be obtained from the automated AIP system.

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Appendix J. Airfield Marking, Signage, and Lighting Projects

J-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

J-2. New and Faded Marking as a Stand-Alone Project.

New marking that is necessary for a runway, taxiway, or apron pavement project is not considered a stand-alone project, but an allowable cost under the associated pavement project.

Remarking faded airfield pavement marking is only eligible if it meets the requirements in Paragraph 3-6, and if eligible, must be coded as runway, taxiway, or apron rehabilitation (pavement maintenance).

J-3. Airport Lighting Control Panel Modification.

Airfield lighting projects can include modification of the airport lighting control panel in the air traffic control tower to accommodate the changes to the airfield lighting. The panel modification is considered a noncompetitive proposal and additional procurement rules associated with this are located in Paragraph U-15.

J-4. Lighting for Pavement that Exceeds Design Standards.

For pavements that exceed design standards width, the ADO must not fund installation of edge lighting to the extra width unless the sponsor agrees that it will not seek pavement rehabilitation funds for 10 years (which is the useful life of a lighting project). The sponsor must also agree that if pavement rehabilitation is needed within the 10 year period, the pavement will be rehabilitated to the design standards width and the cost of removing and replacing the airfield lighting to the corrected width will be funded with non-AIP funds. The ADO must include a special condition in the associated grant outlining this requirement. APP-520 maintains a current list of special conditions that must be used for specific project or airport situations.

J-5. Restrictions on the Use of Light Emitting Diode (LED) Lights.

At the time this Handbook was published, the FAA was reviewing the use of LED obstruction lights, LED approach lights and LED high intensity runway edge lights with aircraft using Enhanced Flight Vision Systems or Night Vision Imagery technology that rely on an infrared signature. LED fixtures may not provide this infrared signature. For these reasons, it is FAA policy that LED obstruction lights, LED approach lights and LED high intensity runway edge lights are not currently AIP eligible.

In addition, it is FAA policy that AIP funds cannot be used to replace AIP funded lighting fixtures with LED fixtures if the existing AIP funded fixtures have not met the end of their useful life.

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Table J-1. Airfield Marking, Signage, and Lighting Work Codes

If the project is justified as follows…	Use the following work codes…
a. The project is one of the special emphasis items listed in 49 CFR § 47101(f) for a primary or secondary runway or taxiway at a commercial service airport.	**SP** XX XX
b. The project is needed to satisfy a safety issue identified by a 14 CFR Part 139 violation, be identified by a 14 CFR Part 139 certification inspector as needed runway incursion prevention measure, or a Runway Safety Action Team (RSAT) recommendation. The ADO must review RSAT recommendations on a case by case basis to determine if they are eligible and justified.	**SA** XX XX
c. The project is required to meet current design standards in accordance with applicable advisory circulars and meets the above two sets of criteria.	**ST** XX XX

J-6. Project Requirements Table.

In addition to the information provided in the above paragraphs and the following table, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table J-2. Airfield Signage and Lighting Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Install Guidance Signs	**(1)** The airport must have an Airport Sign Plan that has been accepted by the FAA. This project must be supported by a sign inventory study. **(2)** Lighted guidance signs must be supported by night or instrument approach operations.	An airfield with all required guidance signs.	SP OT SG SA OT SG ST OT SG See Table J-1 for the correct work code.
b. Install Runway Lighting	**(1)** Installation of runway lighting may include modifications of the airfield electrical vault as part of the overall project. **(2)** The lighting must be supported by night or instrument approach	A fully functional runway lighting system that meets FAA standards.	SP RW LI SA RW LI ST RW LI See Table J-1 for the correct work code.

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Table J-2. Airfield Signage and Lighting Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	operations. **(3)** Per APP-520 policy, taxiway and/or apron lighting must not be included in the runway lighting project. These projects must be separated into stand-alone projects. **(4)** For centerline lights, the runway must have a Category II or III approach. Touchdown zone lights are considered an integral part of a centerline lighting system.		
c. Rehabilitate Runway Lighting	**(1)** Rehabilitation of runway lights may include replacing a significant number of fixture lenses, transformers, and cabling. The main light base and conduit will normally remain in place. **(2)** If new light bases and fixtures are installed for a major part of the runway, the project is no longer considered rehabilitation, and the appropriate *install* work code must be used instead. **(3)** The lighting must be supported by night or instrument approach operations. **(4)** Per APP-520 policy, taxiway and/or apron lighting must not be included in the runway lighting project. These projects must be separated into stand-alone projects. **(5)** The rehabilitation must be supported by analysis demonstrating a need for rehabilitation and that rehabilitation will result in the useful life being extended by at least five years.	A fully functional runway lighting system that meets FAA standards.	RE RW LI

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Table J-2. Airfield Signage and Lighting Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
d. Install Land and Hold Short Lights	**(1)** Justification for land and hold short (LAHSO) lights requires an approved LAHSO plan per the current version of FAA Order 7110.118.	A runway lighting system that allows LAHSO at the airport.	SP RW LI SA RW LI ST RW LI See Table J-1 for the correct work code.
e. Install Runway Distance-To-Go Signs	**(1)** Per FAA policy, the runway must have turbojet aircraft operations. **(2)** This would only rarely be a stand-alone grant. A stand-alone grant would only occur if an airport begins having turbojet operations. **(3)** Lighted signs must be supported by night or instrument approach operations.	A fully functional set of distance-to-go signs that meet FAA standards.	SP RW SG
f. Improve Airport Miscellaneous Improvements *(Install/Rehabilitate Airfield Lighting Vault)*	**(1)** The vault must serve eligible airfield lighting. **(2)** Rehabilitation of a vault must include replacement of major equipment such as the regulators. **(3)** Rehabilitation must be supported by analysis demonstrating a need for rehabilitation and that rehabilitation will result in the useful life being extended by at least five years. **(4)** The vault work may be coded under another project if it is required by the other project and is done as part of that project (such as runway lighting rehabilitation that requires an upgrade to the vault).	A fully functional vault that meets FAA standards.	ST OT IM

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Table J-2. Airfield Signage and Lighting Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
g. Install Taxiway Edge Lighting	**(1)** Taxiway lighting is only justified for taxiways that are associated with lighted runways. **(2)** Reflectors are eligible in lieu of taxiway edge lights.	A fully functional taxiway lighting system that meets FAA standards.	SP TW LI SA TW LI ST TW LI See Table J-1 for the correct work code.
h. Install Taxiway Centerline Lighting	**(1)** Taxiway centerline lighting is only justified for taxiways that are associated with runways that have centerline lighting. **(2)** One of the following conditions must be met: **(a)** The taxiway connects to a Category II or III runway. **(b)** The lighting is a Runway Safety Action Team recommendation. The ADO must review RSAT recommendations on a case by case basis to determine if they are eligible and justified.	A fully functional taxiway lighting system that meets FAA standards.	SP TW LI SA TW LI ST TW LI See Table J-1 for the correct work code.
i. Rehabilitate Taxiway Lighting	**(1)** Taxiway lighting is only justified for taxiways that are associated with lighted runways. Taxiway centerline lighting is only justified for taxiways that are associated with runways that have centerline lighting. **(2)** Rehabilitation of taxiway lights may include replacing a significant number of fixture lenses, transformers, and cabling. The main light base and conduit will normally remain in place. **(3)** If new light bases and fixtures are installed for a major part of the taxiway, the project is no longer considered rehabilitation, and the appropriate *install* work	A fully functional taxiway lighting system that meets FAA standards.	RE TW LI

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Table J-2. Airfield Signage and Lighting Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	code must be used instead. **(4)** The rehabilitation must be supported by analysis demonstrating a need for rehabilitation and that rehabilitation will result in the useful life being extended by at least five years.		
j. Install Runway Incursion Lighting *(Including Lighted X's)*	**(1)** Runway incursion lighting may include runway status lights, runway guard lights, clearance bars, and/or stop bars. Lighted X's may also be purchased. **(2)** The sponsor cannot transfer the ownership and maintenance of these systems to the FAA Air Traffic Organization (ATO). **(3)** Except for lighted X's, the project must be identified as a safety issue by a 14 CFR Part 139 certification inspector or in a Runway Safety Action Team recommendation. The ADO must review RSAT recommendations on a case by case basis to determine if they are eligible and justified.	A fully functional runway incursion lighting system or a lighted X that meets FAA standards.	SA OT SG
k. Install Runway Incursion Marking	**(1)** This is also referred to as enhanced taxiway centerline marking. **(2)** Runway incursion markings cannot be applied to select airfield locations. They must be applied to every runway holding position on the airport.	A set of runway incursion markings that meets FAA standards and are applied to all runway holding position on the airport.	SA OT SG (14 CFR Part 139) SP OT SG (non 14 CFR Part 139 Commercial Service)
l. Install Surface Movement Guidance and Control System (SMGCS) Lighting	**(1)** SMGCS lighting may include runway guard lights, clearance bars, and/or stop bars. **(2)** The airport must have an FAA approved SMGCS plan.	A complete SMGCS lighting pattern that allows aircraft to taxi from a Category II/ III runway to the apron.	SP OT SG

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Table J-2. Airfield Signage and Lighting Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
m. Install Apron Edge Lights	**(1)** The apron must be eligible.	An apron with edge lights that meet FAA standards.	ST AP LI
n. Install Apron Flood Lighting	**(1)** The ADO must coordinate the project with AAS-100 to ensure the added lighting will not cause confusion for aircraft operations. **(2)** Apron flood lighting must be free standing. Lighting that is attached to a building is coded as the building, not the apron. **(3)** Although apron lighting may be a recommendation from TSA, a TSA letter is not mandatory.	An illuminated apron area.	ST OT LI
o. Install Terminal Gate Position Lead-In Lights	**(1)** The ADO must coordinate the project with AAS-100 to ensure the added lighting will not cause confusion for aircraft operations. **(2)** Gate position lead-in lighting must be free standing. Lighting that is attached to a building is coded as the building, not the apron. **(3)** The associated terminal gate must not be exclusive use.	An operational lead in system to an eligible gate.	ST OT LI

*The official list of work codes can be obtained from the automated AIP system.

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Appendix K. Navigational Aid (NAVAID) and Weather Reporting Equipment Projects

K-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

K-2. Transfer of Equipment to the FAA Air Traffic Organization (ATO).

Under 49 USC § 44502(e), an AIP-funded ILS project consisting of a localizer, glideslope, associated Approach Lighting Equipment (ALS), and associated runway visual range indicator (RVR) can be taken over by ATO at the option of the airport. Anything less than a complete system with these four components is subject to different takeover rules. At a minimum, the project must contain both a localizer and glideslope in order for ATO take over. In addition, once the initial takeover is completed, no additional components can be taken over. The various scenarios for ATO ILS takeover are outlined in Table K-1.

Except for the specific statutory exception that allows a full ILS to be transferred to the ATO for ownership and maintenance, all NAVAIDs and signs installed under AIP will be owned and operated by the airport.

Table K-1. ATO ILS Takeover Scenarios

For the following situation…	The takeover rules are…
a. AIP funded glideslope, localizer, RVR, and ALS	ATO must take over the equipment (provided the equipment meets ATO requirements per 49 USC § 44502(e)).
b. AIP funded glideslope, localizer, and RVR	ATO must take over the equipment (provided the equipment meets ATO requirements per 49 USC § 44502(e)). Note that an ALS cannot be taken over after the initial takeover, even if the ALS is AIP funded.
c. AIP funded glideslope, localizer, and ALS	ATO must take over the equipment (provided the equipment meets ATO requirements per 49 USC § 44502(e)). Note that an RVR cannot be taken over after the initial takeover, even if the RVR is AIP funded.
d. AIP funded glideslope and localizer	ATO must take over the equipment (provided the equipment meets ATO requirements per 49 USC § 44502(e)). Note that an RVR or ALS cannot be taken over after the initial takeover, even if the equipment is AIP funded.
e. AIP funded localizer	ATO cannot take over the localizer because it is not a full ILS.

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Table K-1. ATO ILS Takeover Scenarios

For the following situation…	The takeover rules are…
f. AIP funded RVR or ALS	ATO cannot take over the equipment because it is not a full ILS.

K-3. Designated Instrument Runway Requirement.

Airport approach and landing systems are not eligible unless the FAA Air Traffic Organization (ATO) has designated the associated runway as an instrument runway. The ATO designation considers safety requirements, relevant meteorological history, NAS-wide capacity, delays at individual airports, aviation activity forecasts, changes in the airfield and operational environment (including relocation of existing systems), as well as overall airport capital improvement costs regardless of the funding source.

Only airport rotating beacons, runway end identification light systems, and visual glide-slope indicator systems are eligible at airports without a designated instrument runway.

K-4. NAVAID and Weather Reporting Equipment Communication Requirements.

All NAVAID and weather reporting equipment must directly communicate with pilots, rather than directly communicate with the air traffic control tower, in order to be considered eligible. This is because equipment that communicates with the air traffic control tower is funded through the FAA Air Traffic Organization (ATO)'s budget.

K-5. Restrictions on the Use of Light Emitting Diode (LED) Lights.

At the time this Handbook was published, the FAA was reviewing the use of LED obstruction lights, LED approach lights and LED high intensity runway edge lights with aircraft using Enhanced Flight Vision Systems or Night Vision Imagery technology that rely on an infrared signature. LED fixtures may not provide this infrared signature. For these reasons, it is FAA policy that LED obstruction lights, LED approach lights and LED high intensity runway edge lights are not currently AIP eligible.

In addition, it is FAA policy that AIP funds cannot be used to replace AIP funded lighting fixtures with LED fixtures if the existing AIP funded fixtures have not met the end of their useful life.

K-6. Project Requirements Table.

In addition to the information provided in the above paragraphs and the following table, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

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Table K-2. NAVAID and Weather Reporting Equipment Work Codes

If the project is justified as follows…	Use the following work codes…
a. The project is for a primary or secondary runway or taxiway at a commercial service airport.	**SP** XX XX
b. The project is needed to satisfy a safety issue identified by a 14 CFR Part 139 violation or a Runway Safety Action Team (RSAT) recommendation. The ADO must review RSAT recommendations on a case by case basis to determine if they are eligible and justified.	**SA** XX XX
c. The project is required to meet current design standards in accordance with applicable advisory circulars and does not meeting the above to sets of criteria.	**ST** XX XX

Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Install Instrument Approach Aid *(Instrument Landing System)*	**(1)** As the FAA Air Traffic Organization (ATO) moves to satellite systems, the installation of ILS must have significant justification. **(2)** An instrument landing system (ILS) does not necessarily include installing an Approach Lighting System. Per APP-500 policy, an ALS is not justified for AIP funding unless the airport will have a reduction in minimums of at least ¼ mile. **(3)** The project must be designed to meet the requirements in the current version of Advisory Circular 150/5300-13, Airport Design, and the requirements in the ATO reimbursable agreement. **(4)** The October 27, 2008 Instrument Landing System Establishment and Upgrade Policy signed by ATS-1 and ARP-1 established the following policy for ILS funding: **(a)** AIP funding may be used on ILS installations on new runways or major runway	A fully functional ILS that meets FAA standards.	ST RW IN

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	extensions where an ILS was not previously funded. **(b)** ATO will fund all other ILS installations. **(5)** The project must have a benefit-cost analysis (BCA) ratio of 1.0 or more based on the criteria in the current version of FAA Order 7031.2, Airway Planning Standard Number One Terminal Air Navigation Facilities and ATC Services (APS-1), Appendix 2.		
b. Install Instrument Approach Aid *(Runway Visual Range (RVR))*	**(1)** For precision approach systems, RVR equipment is eligible if the visibility information is made available directly to pilots. **(2)** The project must have a benefit-cost analysis (BCA) ratio of 1.0 or more based on the criteria in the current version of FAA Order 7031.2, Airway Planning Standard Number One Terminal Air Navigation Facilities and ATC Services (APS-1), Appendix 2. The RVR benefit-cost analysis may be separated from the AIP runway work and instrument landing system projects. **(3)** The airport cannot transfer ownership of AIP RVR equipment to the ATO unless it will be associated with an ILS. ADOs must contact APP-500 for assistance with proposed RVR projects.	A fully functional RVR that meets FAA design standards.	ST RW IN
c. Install Miscellaneous NAVAIDs *(Airport Beacon)*	**(1)** The airport rotating beacon equipment must be necessary for visual approaches to the airfield at night. **(2)** The airport must be open at night and must have runway lights in order to have a justified beacon.	A fully functional airport beacon that meets FAA design standards.	SP OT IN ST OT IN SA OT VI See Table K-2 for the correct work code.
d. Install Runway Vertical/Visual	**(1)** Per APP-500 policy, an ALS is not justified for AIP funding unless the	A complete ALS installation with	SP RW VI

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
Guidance System *(Approach Light System (ALS))*	airport will have a reduction in minimums of at least ¼ mile. **(2)** The project must have a benefit-cost analysis (BCA) ratio of 1.0 or more based on the criteria in the current version of FAA Order 7031.2, Airway Planning Standard Number One Terminal Air Navigation Facilities and ATC Services (APS-1), Appendix 2. **(3)** The sponsor cannot transfer the ownership and maintenance of these systems to ATO unless installed as part of a complete ILS that includes an ALS. **(4)** The system must be designed in accordance with the current versions of Advisory Circular 150/5340-30, Design and Installation of Airport Visual Aids and FAA Order JO 6850.2, Visual Guidance Lighting Systems. **(5)** An ALS is only eligible on runways that either have or will have a precision approach procedure within five years. **(6)** Eligible ALSs include: **(a)** Approach Lighting System (ALS) **(b)** Approach Lighting System with Sequenced Flashing Lights (ALSF) **(c)** Medium-Intensity Approach Light System and Runway Alignment Indicator Lights (MALSR) **(d)** Medium-Intensity Approach Light System without Runway Alignment Indicator Lights (MALS). This is rare and requires additional justification because Runway Alignment Indicator Lights are an integral part of most ALS installations.	clear approaches that reduces the minimums.	ST RW VI See Table K-2 for the correct work code.

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(e) Medium-Intensity Approach Lights System with Sequenced Flashing Lights (MALSF)		
e. Install Runway Vertical/Visual Guidance System *(Omni-Directional Approach Lighting System (ODALS))*	**(1)** The ODALS must result in a reduction of minimums of at least ¼ mile. **(2)** The project must have a benefit-cost analysis (BCA) ratio of 1.0 or more based on the criteria in the current version of FAA Order 7031.2, Airway Planning Standard Number One Terminal Air Navigation Facilities and ATC Services (APS-1), Appendix 2. . **(3)** The system must be designed in accordance with the current versions of Advisory Circular 150/5340-30, Design and Installation of Airport Visual Aids and FAA Order JO 6850.2, Visual Guidance Lighting Systems. **(4)** The airport cannot transfer the ownership of these systems to the ATO.	A complete ODALS installation with clear approaches that reduces the minimums.	SP RW VI ST RW VI See Table K-2 for the correct work code.
f. Install Runway Vertical/Visual Guidance System *(Runway End Identification Light System (REILS))*	**(1)** This project will provide visual approaches on runways that are not equipped with an approach light system. **(2)** The system must be designed in accordance with the current versions of Advisory Circular 150/5340-30, Design and Installation of Airport Visual Aids and FAA Order JO 6850.2, Visual Guidance Lighting Systems. **(3)** The project must have a benefit-cost analysis (BCA) ratio of 1.0 or more based on the criteria in the current version of FAA Order 7031.2, Airway Planning Standard Number One Terminal Air Navigation Facilities and ATC Services (APS-1), Appendix 2.	A fully functional REILS that meet FAA design standards.	SP RW VI ST RW VI See Table K-2 for the correct work code.

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(4) The airport cannot transfer the ownership of these systems to the ATO.		
g. Install Runway Vertical/Visual Guidance System *(Visual Glide-Slope Indicator System (PAPI))*	**(1)** The precision approach path indicator (PAPI) is the only eligible visual glide-slope system eligible. **(2)** A PAPI provides vertical guidance for visual approaches (whether with or without an instrument approach procedure). **(3)** The system must be designed in accordance with the current versions of Advisory Circular 150/5340-30, Design and Installation of Airport Visual Aids and FAA Order JO 6850.2, Visual Guidance Lighting Systems. Note that per this advisory circular, a four box PAPI is only justified for runways with any jet operations. **(4)** The airport cannot transfer the ownership of these systems to the ATO. **(5)** The design threshold crossing height angle must not limit the airport or aircraft from the Airplane Design Group shown or forecast on the approved ALP. **(6)** The project must have a benefit-cost analysis (BCA) ratio of 1.0 or more based on the criteria in the current version of FAA Order 7031.2, Airway Planning Standard Number One Terminal Air Navigation Facilities and ATC Services (APS-1), Appendix 2.	A PAPI system that meets FAA design standards.	SP RW VI ST RW VI See Table K-2 for the correct work code.
h. Acquire Snow Removal Equipment *(Weather Support to Deicing Decision-Making)*	**(1)** The WSDDM equipment must be included in an FAA approved snow and ice control plan. If not, the ADO must make this a requirement in the grant offer.	A fully functional WSDDM system.	ST EQ SN

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
i. Install Weather Reporting Equipment *(AWOS)*	**(1)** The AJW-14A Weather Processors and Sensors – Non-federal AWOS website contains the design, installation, commissioning, and maintenance requirements for non-federal AWOS equipment. **(2)** An AWOS-A or AWOS-A/V is eligible without additional justification. Any other AWOS must have a benefit-cost analysis greater than one to be justified. When preparing the BCA, airports must include the full costs of the AWOS, including all fixed costs and variable costs, not simply the incremental cost increase over the basic cost of an AWOS A or AWOS A-V installation. Inclusion of the AWOS data into the WMSCR is not considered a benefit and may not be included in the BCA to increase the BCA score. **(3)** The BCA must be prepared using the instructions in the current version of the current version of FAA Order 7031-2, Airway Planning Standard Number One and its accompanying report (FAA Report APO-83-6, Establishment and Discontinuance Criteria for Automated Weather Observing Systems). **(4)** No other FAA-owned and maintained weather reporting systems must exist or be planned at that airport. The ADO must confirm this with AJW-14, and if another FAA-owned system exists or is planned, AIP cannot be used to install an AWOS. **(5)** The sponsor is willing and able to operate and maintain the AWOS equipment during its life cycle. The ADO may want to advise the sponsor that AWOS are not eligible for ATO-takeover under the current	A fully functional, operational, and AJW-14 commissioned AWOS that meets FAA design standards.	ST EQ WX

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	version of FAA Order 6700.20, Non-Federal Navigational Aids and Air Traffic Control Facilities, and that they will be responsible for regular maintenance. **(6)** The sponsor must not limit a bid for an AWOS based on the method of radio transmission. Different manufacturers of FAA-certified AWOS may use Unicom or radio transmission. **(7)** Automatic telephone answering systems or radio transmitters are eligible as an allowable cost to an AWOS.		
j. Install Infrastructure to support WAAS Approach *(Parallel Taxiway)*	**(1)** The requirements for parallel taxiway projects that are required for an approved WAAS approach are provided in Appendix H.	N/A	N/A
k. Remove obstructions to support WAAS Approach	**(1)** The requirements for obstruction removal projects that are required for an approved WAAS approach are provided in Appendix D.	N/A	N/A
l. Install Approach Aid *(NextGen Equipment such as Ground Based Augmentation System (GBAS)*	**(1) APP-400 Coordination**. The ADO (and/or the regional office) must coordinate with APP-400 as soon as the ADO becomes aware of one of these projects. **(2) Equipment Location**. AIP funding can install equipment that is physically located on the airfield. This will typically be transmitters or other equipment that ties into satellite feeds. No effort has been made to list the eligible types of equipment. Rather, any equipment that meets the prescribed guidelines will be eligible for AIP. **(3) Cable Ducts and Cabling**. For AIP funded NextGen equipment, AIP can be used for incidental	A fully functional NextGen system that meets FAA standards.	ST RW IN May be replaced with a new work code.

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	cable ducts for cabling from the equipment to the processors. ATO will install the cabling, work in the tower, or computer hardware or software work. This is consistent with current guidance that allows for installation of duct banks for ATO. If the airport installs the empty ducts when it is installing the equipment, the ducts are in-place and ready for ATO to pull cables, install wiring and activate the system at a future date without impacting airport operations. The equipment will be installed and the associated earthwork, grading, and construction of gravel access roads will included in the AIP grant. **(4) ATO's Responsibility**. Cabling, computer programming and verification testing will remain ATO's responsibility. The integrity of the NAS relies on a computer system that drives the communication, tracking, and surveillance systems together. This entire system is mission-critical. ATO cannot ensure the system integrity if individual airports are asked to modify or install the data systems. **(5) Operation/Maintenance.** It is uncertain if ATO will operate and maintain the equipment for as long as it is in service (a minimum 10-year agreement would be executed). If not, the airport will be in charge of maintenance and operation. If ATO maintains the system, the airport will contract with ATO to operate and maintain the system for a nominal fee every year. Although the costs of operation and maintenance cannot be funded with AIP, having an operational agreement would allow AIP to be used in the future to		

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Table K-3. NAVAID and Weather Reporting Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	replace the equipment.		

*The official list of work codes can be obtained from the automated AIP system.

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Appendix L. Safety and Security Equipment Projects

L-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

L-2. Justification for Safety and Security Equipment.

Safety and security projects are not automatically justified. In all cases, the ADO must review these projects to determine if the project meets the eligibility and justification requirements outlined in this Handbook. Safety and security projects that require additional review by the ADO include, but are not limited to, those listed in Paragraph 3-9.

L-3. Safety Equipment beyond 14 CFR Part 139 Requirements.

The basic criteria for eligibility of equipment beyond 14 CFR Part 139 requirements will be that it is needed to meet a significant safety requirement at a particular airport. The sponsor's justification or reasoning to acquire the equipment with documentation of the features and costs, as well as the 14 CFR Part 139 inspector recommendation, must be sent to APP-500. Decisions on funding of safety equipment contributing significantly to the safety of persons and property at an airport will be referred on a case-by-case basis to AAS-1.

L-4. Use of Safety and Security Equipment.

AIP funding cannot be used for non-airport purposes.

L-5. Off-Airport Storage of ARFF Equipment.

The option to allow a sponsor to store ARFF equipment off airport was originally introduced in Program Guidance Letter 07-02.1. This exception was in response to changes in 14 CFR Part 139 that required many smaller airports to obtain certification. In order to approve off airport storage of ARFF Equipment the conditions in Table L-1 must be met.

Table L-1. Requirements for Off-Airport Storage of ARFF Vehicles

The requirements include…
(1) The vehicle must be available for airport use at times necessary to meet 14 CFR Part 139 requirements.
(2) The vehicle must not be used for local community needs (AIP funding cannot be used for non-airport purposes and use of the vehicle for non-airport purposes must not reduce the useful life of the vehicles).
(3) The sponsor must demonstrate to the satisfaction of the ADO that there is no viable on-airport storage solution and the off-airport storage provides a tangible benefit to the airport.

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Table L-1. Requirements for Off-Airport Storage of ARFF Vehicles

The requirements include…
(4) The sponsor and the local government entity must execute an agreement that: **(a)** Restricts the use of the vehicle for airport purposes only (except for FAA-approved mutual aid agreement uses). **(b)** Contain language that use of the vehicle of other than airport purposes could require repayment of the grant funding since it would be in violation of the grant conditions. **(c)** Contains provisions for documenting the use of the vehicle.
(5) The ADO must forward a copy of the agreement between the sponsor and the local government entity to the 14 CFR Part 139 certification inspector so that the certification inspector can ensure that the requirements are included in the certification manual and are being met.
(6) The ADO must obtain approval for this request from AAS-300 and ACO-100 prior to issuing approval to the sponsor.

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L-6. Radios and Communication Equipment.

Radios and communication equipment for an eligible AIP vehicle or piece of equipment is an allowable costs of the eligible AIP vehicle or piece of equipment.

L-7. Security Equipment beyond 49 CFR Part 1542 Requirements.

Projects exceeding the minimum requirements of 49 CFR Part 1542 or are necessary to support local law enforcement are ineligible. The security equipment that is currently eligible for AIP are included in Table L-2 and the commonly requested security equipment that have been determined ineligible are included in Table C-3.

L-8. Sensitive Security Information.

The ADO must coordinate with a TSA official to identify planning and material that must be protected under 49 CFR Part 1520, which governs the release of such information.

L-9. Project Requirements Table.

In addition to the information provided in the above paragraphs and the following table, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Acquire Aircraft Rescue & Fire Fighting Vehicle	**(1)** The airport must hold a 14 CFR Part 139 certificate. **(2)** If an airport that does not hold 14 CFR Part 139 certificate, AAS-1 must have made an airport specific determination that the vehicle will contribute significantly to the safety or security at the airport (as allowed under 49 USC § 47102(3)(B)(ii)). **(3)** 14 CFR Part 139 sets forth minimum extinguishing agents and water required for ARFF vehicles. AIP funding is limited to the ARFF vehicles required to satisfy 14 CFR Part 139 requirements. **(4)** The number of eligible vehicles is based on the airport index in accordance with the criteria specified in 14 CFR Part 139 for conditions forecast within five years of the proposed ARFF equipment acquisition date. **(5)** In the event of a conflict between the requirements in any applicable advisory circular and 14 CFR Part 139, the requirements in 14 CFR Part 139 take precedence. **(6)** For vehicles that are 10 or more years old, a major rehabilitation is eligible if it extends the useful life by 10 or more years. Forcible aircraft entry tools may also be replaced at this time. **(7)** One set of forcible aircraft entry tools per vehicle is eligible if it is included in the acquisition of an eligible ARFF vehicle and is not acquired as a stand-alone grant. For assistance on this equipment, contact AAS-300. **(8)** Emergency lighting that is mounted to the ARFF vehicles is eligible if it is included in the acquisition of an ARFF vehicle and is not acquired	A fully operational ARFF vehicle that meets FAA design standards.	SA EQ RF The ST EQ RF is no longer available because it applied to a situation that was in place prior to the 2004 revision to 14 CFR Part 139.

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	as a stand-alone grant. **(9)** One test charge and one refill of expendable items at the time of initial purchase of an ARFF vehicle are eligible. **(10)** The sponsor must separate the acquisition of the ARFF vehicle and the acquisition of the gear and tools into two procurements. This is because including the gear and tools in the ARFF vehicle procurement documents unnecessarily increases the costs of those items. **(11)** The upgrade of an ARFF vehicles to add enhanced struts is eligible for ARFF vehicles built before 2002. Those built after 2002 are required to come equipped with the enhanced struts so an upgrade is neither necessary nor eligible.		
b. Acquire Aircraft Rescue & Fire Fighting Vehicle *(Structural Fire Fighting Vehicle)*	**(1)** The airport must hold a 14 CFR Part 139 certificate. **(2)** If an airport that does not hold 14 CFR Part 139 certificate, AAS-1 must have made an airport specific determination that the vehicle will contribute significantly to the safety or security at the airport (as allowed under 49 USC § 47102(3)(B)(ii)). **(3)** Only one vehicle per airport is eligible. **(4)** The 14 CFR Part 139 certification inspector determines the response time for off airport structural units exceeds 10 minutes. **(5)** For vehicles that are 10 or more years old, a major rehabilitation is eligible if it extends the useful life by 10 or more years. Forcible aircraft entry tools may also be replaced at this time. **(6)** One set of forcible aircraft entry	A fully operational structural fire fighting vehicle that meets FAA design standards.	SA EQ RF

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	tools per vehicle is eligible if it is included in the acquisition of an eligible ARFF vehicle and is not acquired as a stand-alone grant. For assistance on this equipment, contact AAS-300. **(7)** Emergency lighting that is mounted to the ARFF vehicles is eligible if it is included in the acquisition of an ARFF vehicle and is not acquired as a stand-alone grant. **(8)** One test charge and one refill of expendable items at the time of initial purchase of an ARFF vehicle are eligible. **(9)** The sponsor must separate the acquisition of the ARFF vehicle and the acquisition of the gear and tools into two procurements. This is because including the gear and tools in the ARFF vehicle procurement documents unnecessarily increases the costs of those items. **(10)** The upgrade of an ARFF vehicles to add enhanced struts is eligible for ARFF vehicles built before 2002. Those built after 2002 are required to come equipped with the enhanced struts so an upgrade is neither necessary nor eligible.		

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
c. Acquire Driver's Enhanced Vision System (DEVS)	**(1)** The airport must have a 14 CFR Part 139 certificate and published operations below 1200 feet runway visual range. **(2)** The primary fire station that services the airfield can have DEVS on a maximum of two vehicles per the current version of Advisory Circular 150/5210-19, Driver's Enhanced Vision System. This will provide driver's enhanced vision system (DEVS) equipment to an ARFF vehicle and one additional vehicle. **(3)** In addition, one more DEVS is eligible for each fire station that services the airfield beyond the first station. For instance, an airport with two fire stations that service the airfield is eligible for three DEVS. **(4)** Forward-looking infrared system (FLIRS) is a component of DEVS. A stand-alone FLIRS is eligible for AIP eligible ARFF vehicles in accordance with the current version of Advisory Circular 150/5210-19, Driver's Enhanced Vision System.	A fully functional DEVS or FLIRS added to an existing ARFF vehicle in accordance with FAA design standards.	ST EQ MS
d. Acquire Aircraft Rescue & Fire Fighting Vehicle *(Protective Clothing)*	**(1)** The airport must hold a 14 CFR Part 139 certificate. **(2)** If an airport that does not hold 14 CFR Part 139 certificate, AAS-1 must have made an airport specific determination that the clothing will contribute significantly to the safety or security at the airport (as allowed under 49 USC § 47102(3)(B)(ii)). **(3)** The purchase of airport fire/rescue personnel protective clothing and apparatus in accordance with the current version of Advisory Circular 150/5210-14, Aircraft Rescue Fire Fighting Equipment, Tools, and Clothing, is an eligible item based on the following criteria:	Protective clothing that meets FAA design standards.	SA EQ RF

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(4) One suit for each fire fighter employed full-time to fight aircraft fires. **(5)** For part time positions, the number of suits is limited to a maximum of two per lightweight vehicle and five per large type vehicle. These limitations may be exceeded if approved by the 14 CFR Part 139 certification inspector. **(6)** Replacement of personal protective equipment. Proximity gear has a useful life of 5 years and structural gear has a useful life of 7 years. Self-contained breathing apparatus is replaced when the gear is replaced. **(7)** In addition, the replacement of protective clothing is eligible if the 14 CFR Part 139 inspector has verified that the clothing has been destroyed accidentally, or may be otherwise deemed inoperable through no fault of the sponsor.		
e. Regional ARFF Training Facility	**(1)** The facility must be designed to meet the requirements of the current versions Advisory Circular 150/5220-17, Design Standards for an Aircraft Rescue and Fire Fighting Training Facility. **(2)** Project costs may include land, the burn area, maneuvering areas, a control center, a dual-agent ARFF vehicle with capacity not to exceed 1500 gallons for foam production, the vehicle bay(s), utilities, maintenance facilities, environmental protection, fencing, the access road, as well as a building for classrooms, showers, and lockers. **(3)** One additional ARFF vehicle may be eligible if justified in the view of the 14 CFR Part 139 certification inspector based on the mix of area	A fully operational regional ARFF training facility that meets FAA design standards.	ST OT RF

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	airport indices. **(4)** The 14 CFR Part 139 certification inspector must coordinate proposals for such an area-wide training facility with nearby facilities to ensure inappropriate duplication is avoided. The FAA CertAlerts contain the latest list of facilities. At the time this Handbook was published, the current list was in FAA CertAlert 09-07 (see Appendix B for link). **(5)** Not all states need such a facility, but if the 14 CFR Part 139 certification inspector determines several area-wide training facilities in a state are required due to the area served they must contact APP-500 for additional assistance.		
f. Mobile ARFF Training Facility	**(1)** The airport has a 14 CFR Part 139 certificate and is required to comply with Index A and B ARFF standards. **(2)** The airport must be more than 100 miles from the nearest area-wide training facility. The FAA CertAlerts contain the latest list of facilities. At the time this Handbook was published, the current list was in FAA CertAlert 09-07 (see Appendix B for link). **(3)** The ADO has the option to contact AAS-100 regarding the design requirements of this equipment. **(4)** Mobile training equipment is also eligible for acquisition by states if it will benefit more than one airport.	A fully operational mobile ARFF training facility that meets FAA design standards.	ST OT RF
g. Acquire Aircraft Rescue & Fire Fighting Vehicle *(Water Rescue Equipment)*	**(1)** The airport must hold a 14 CFR Part 139 certificate. **(2)** If an airport that does not hold 14 CFR Part 139 certificate, AAS-1 must have made an airport specific determination that the equipment	A fully operational piece of water rescue equipment that meets FAA design standards.	SA EQ RF

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	will contribute significantly to the safety or security at the airport (as allowed under 49 USC § 47102(3)(B)(ii)). **(3)** The 14 CFR Part 139 certification inspector determines that the equipment is need at the airport. **(4)** Acquisition of a helicopter for water rescue must be supported by additional justification and AAS-1 and APP-1 must have concurred with the action.		
h. Acquire Equipment *(Power Vacuum Sweeper for Foreign Object Debris (FOD))*	**(1)** The power sweeper is for the control of debris on the airport. **(2)** Per FAA policy, eligibility is limited as follows. **(a)** Where the primary areas are less than 500,000 square yards and the where the airports annual operations level is 40,000 or less, one power sweeper is eligible. **(b)** Where the primary areas are 500,000 square yards or more, or where the airports annual operations level is more than 40,000, two power sweepers are eligible.	A fully operational sweeper that meets FAA design standards.	ST EQ MS
i. Acquire Equipment *(Acquire Foreign Object Debris (FOD) Detection Equipment)*	**(1)** As of the publication date of this Handbook, APP-500 was developing guidance for FOD detection equipment. Until this new guidance is published, ADOs must contact APP-500 for project information prior to programming the grant.	To be issued in APP-500 guidance.	To be issued in APP-500 guidance.
j. Acquire Equipment *(Avian Radar System)*	**(1)** On October 4, 2010, AAS-1 determined that avian radar systems contribute significantly to the safety or security at an airport, which makes them eligible under 49 USC § 47102(3)(B)(ii).	A fully operational avian radar system.	ST EQ MS *Note: Do not use SA EQ MS. APP-500 decided*

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(2) The airport has a wildlife hazard management plan that has been accepted by the FAA. **(3)** The airport has an ongoing bird harassment plan in place incorporating the recommendations for continued harassment by airport employees to reduce wildlife hazards. **(4)** If the airport is a 14 CFR Part 139 airport and has an Airport Certification Manual, the manual must include the requirements for operation and maintenance of the avian radar system, as well as requirements for analyzing the incoming data feeds, tracking the data, and acting on the data trends. **(5)** The airport must have a training plan in place that includes initial and yearly follow-up training on the proper use of radar readings, analysis and interpretation. **(6)** The costs of acquiring the radar equipment, installing the antenna(s) and radar equipment, and acquiring the Digital Radar Signal Processor are allowable costs. However, because accommodating the equipment is essentially providing space for airport employees to monitor the radar, the costs of modifying existing office space to accommodate the radar equipment, acquiring a mobile trailer, and constructing a permanent structure to support the avian radar equipment is not allowable. **(7)** Because the proper placement of the antenna includes an initial trial placement, the costs of a trial installation and a final operational installation are allowable. **(8)** The airport must maintain data to evaluate the radar performance until advised otherwise by the FAA.		*that ST EQ MS is the work code that must be used.*

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	This must include the daily archives or radar recordings of birds tracked, related logs of birds harassed, hours in service, hours out of service, service and repair records, and updates to software or hardware. The data must be available for review by the FAA upon request. **(9)** Replacement of the system is only eligible after the useful life of the whole system has been met.		
k. Wildlife Hazard Reduction Equipment	**(1)** Equipment for broadcasting distress calls, exploding gas cannons, shotguns, and pyrotechnic pistols are eligible if recommended in a Wildlife Hazard Management Plan or a wildlife hazard site visit conducted by an approved wildlife biologist. **(2)** The airport has an ongoing bird harassment plan in place incorporating the recommendations for continued harassment by airport employees to reduce wildlife hazards.	A fully operational piece of equipment.	ST EQ MS
l. Install Perimeter Fencing required by 14 CFR 139	**(1)** The fencing is for operational and/or secure areas on a 14 CFR Part 139 certificated airport. **(2)** The fencing is required per 14 CFR Part 139 letter of correction or is included in a Wildlife Hazard Management Plan. **(3)** Closed circuit cameras required by 14 CFR Part 139 for access control in the secured airfield areas are allowable as a part of the fencing project. **(4)** Unless the ADO approves the use of an electric locking device or automatic gate because the traffic flow at the gate will otherwise result in backups, only standard gate and mechanical locating devices are	A complete fencing installation that meets the requirements of 14 CFR Part 139.	SA EQ SE

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	eligible.		
m. Install Perimeter Fencing required by 49 CFR 1542	**(1)** TSA must have approved the airfield access control project in writing as being needed to meet the minimum requirements of 49 CFR Part 1542. **(2)** The fencing project may include closed circuit monitoring of the airfield boundary or guard shacks. Guard shacks must be minimal in nature (no additional office space, restrooms, etc.). **(3)** The closed circuit cameras must be for the sterile airfield area. **(4)** Unless the TSA has approved the use of an electric locking device or automatic gate, only standard gate and mechanical locating devices are eligible.	A complete fencing installation that meets the 49 CFR Part 1542 requirements.	SA EQ SE
n. Install Perimeter Fencing *not* Required by 14 CFR 139/49 CFR 1542	**(1)** Fencing at airports not required by 14 CFR Part 139 or 49 CFR Part 1542 must be identified on the approved airport layout plan to be eligible. **(2)** The purpose of the fencing must be to discourage unauthorized access to the airfield by people or vehicles. **(3)** The ADO must have concurred that the project will contribute to the safety of the airfield and is appropriate for the type of situation. **(4)** Unless the ADO has approved the use of an electric locking device or automatic gate, only standard gate and mechanical locating devices are eligible.	A complete fencing installation that increases safety of the airfield.	ST EQ SE

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
o. Security Enhancements *(Fingerprinting Equipment for Background Checks)*	**(1)** The TSA must have approved, in writing, that the airport is required by 49 CFR Part 1542 to have a badging system that requires background checks. **(2)** The type of equipment and quantity to permit processing of three employees per hour is eligible provided the airport has that turnover rate. **(3)** Equipment certified by the Federal Bureau of Investigation is listed on their website.	Fully functional fingerprinting equipment.	SA EQ SE
p. Security Enhancements *(Terminal Access Control)*	**(1)** TSA must have approved the terminal access control system, in writing, as being needed to meet the minimum requirements of 49 CFR Part 1542. **(2)** Replacement of the systems and software is only eligible after the useful life has been met. **(3)** The closed circuit cameras must be for the sterile terminal area.	A fully operational access control system that meets 49 CFR Part 1542.	SA EQ SE
q. Security Enhancements *(Police Vehicle)*	**(1)** TSA must have approved the police vehicle, in writing, as being needed to meet the minimum requirements of 49 CFR Part 1542. **(2)** The primary purpose of the police vehicle must be for perimeter patrol of the airfield operational area or other sterile airfield area. **(3)** Only one police vehicle is allowed. The vehicle must be a standard police vehicle. **(4)** The airport must have a 14 CFR Part 139 certificate.	A fully operational standard police vehicle that meets 49 CFR Part 1542.	SA EQ SE
r. Security Enhancements *(Badging Equipment)*	**(1)** TSA have approved the badging equipment, in writing, as being needed to meet the minimum requirements of 49 CFR Part 1542.	Fully operational badging equipment that meets 49 CFR Part 1542.	SA EQ SE

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Table L-2. Safety and Security Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
s. Security Enhancements *(Apron Lights)*	**(1)** Although apron lighting may be a recommendation from TSA, a TSA letter is not mandatory. Apron lighting requirements are listed in Table J-2.	N/A	N/A

*The official list of work codes can be obtained from the automated AIP system.

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Appendix M. Other Equipment Projects

M-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

M-2. Project Requirements Table.

In addition to the information provided in the above paragraph and the following table, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table M-1. Other Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Acquire Aircraft Deicing Equipment	**(1)** The equipment must be owned by the airport and be available on a non-exclusive use basis for any aircraft owner. **(2)** Vehicles and equipment for aircraft deicing and anti-icing on the ground are eligible at any NPIAS airport.	A fully functional piece of aircraft deicing equipment that meets FAA design standards.	ST EQ DI
b. Acquire Interactive Training System	**(1)** The systems and software must be for federally required safety and security requirements, or training related to the Americans with Disabilities Act and the Clean Air Act (42 USC § 7401). **(2)** The initial acquisition of the server, software, and dedicated hardware are eligible. **(3)** Replacement of the systems and software is only eligible after the useful life has been met. **(4)** New training modules to add new eligible material are eligible.	A fully functional interactive training system that meets FAA design standards.	OT EQ MS
c. Emergency Generator (Acquire, Install or Rehabilitate)	**(1)** Fixed standby generators necessary to support the following lighting on Cat II/III runways are eligible (not limited to entitlement funding):	A fully functional emergency generator that meets FAA design standards.	ST EQ LI

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Table M-1. Other Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(a) Runway touch down zone, centerline, and edge lights. **(b)** Land and hold short lights. **(c)** Taxiway edge lights for taxiways serving the runway. **(d)** Surface movement guidance and control system (SMGCS) lights. **(2)** Specific airports have been designated as continuous power airports and are eligible for fixed generators (not limited to entitlement funding). They provide continuous operations in the event of an area wide power failure. The current versions of FAA Order 6030.20, Electrical Power Policy, and FAA Order 6950.2, Electrical Power Policy Implementation at National Airspace System Facilities, list these airports and the designated runways. These orders outline the fixed generator requirements. **(3)** Per FAA policy, for airports that do not meet one of the two criteria listed above, one fixed generator is eligible to support AIP eligible airside infrastructure. Only entitlement funds can be used in this case. **(4)** Per FAA policy, fixed emergency generators are only eligible for terminal use for the specific purpose of meeting life safety code requirements for building evacuation. **(5)** The generator must be a fixed generator, not a mobile generator.		
d. Acquire Snow Removal Equipment	**(1)** For 14 CFR Part 139 certificated airports: **(a)** Equipment required for clearing snow and ice from the	A fully functional piece of snow removal equipment that meets FAA	ST EQ SN

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Table M-1. Other Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	runways, principal taxiways, aprons, and emergency access roads is eligible. **(b)** The equipment must be designed and justified based on the current version of Advisory Circular 150/5200-30, Airport Winter Safety and Operations and Advisory Circular 150/5220-20, Airport Snow and Ice Control Equipment. **(c)** The number of eligible pieces must be determined using the above two advisory circulars and the airport's approved Snow and Ice Control Plan, and there must be existing FAA specifications for the equipment. **(d)** Eligibility is limited to the minimum requirements recommended by the advisory circulars unless the ADO approves the airport's assertion that the volume of traffic requires additional equipment. Sponsors must have submitted detailed information supporting additional equipment and the ADO must have agreed with the justification. **(2)** For airports that are not 14 CFR Part 139 certificated airports: **(a)** Per FAA policy, only one snow removal carrier vehicle is eligible unless the ADO concurs that the airport is large enough, busy enough, and/or has significant snowfall to warrant an additional vehicle. **(b)** The equipment must be designed and justified based on the current version of Advisory Circular 150/5200-30, Airport Winter Safety and	design standards.	

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Table M-1. Other Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	Operations and Advisory Circular 150/5220-20, Airport Snow and Ice Control Equipment. **(c)** Per FAA policy, incidental use is permitted at nonprimary airports without an active 14 CFR Part 139 certificate only if: **(i)** The activity does not significantly degrade the SRE useful life. **(ii)** The SRE is used only for airport purposes and will not be used off airport. **(iii)** The SRE is only used by airport employees. **(iv)** The SRE is generally used for activities on AIP eligible surfaces. **(v)** The incidental use is not used as part of the SRE justification. **(3)** The sponsor provides the ADO with a current Snow Removal Equipment Inventory (see Appendix V for a sample format). **(4)** Fixed and portable snow melters are eligible in very limited circumstances and must have been coordinated and approved by APP-500. The airport must be able to document that there is no other safe and efficient way to remove snow without adversely impacting aircraft operations.		
e. Acquire Friction Measuring Equipment	**(1)** Only a self-contained device or a towed device is eligible. Airports must provide their own towing vehicles for towed devices. **(2)** The airport must be a commercial service airport, hold a 14 CFR Part 139 certificate, and have scheduled	A fully functional piece of friction measuring equipment (if towed, truck to be paid for with local funds) that meets FAA design	ST EQ SR

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Table M-1. Other Equipment Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	turbojet operations. **(3)** This equipment can be acquired for use at multiple neighboring airports. State aviation agencies may sponsor such projects.	standards.	

*The official list of work codes can be obtained from the automated AIP system.

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Appendix N. Terminal Building Projects

N-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

N-2. Public-Use and Movement of Passengers/Baggage Requirements.

Terminal development is defined under 49 USC § 47102(28). 49 USC § 47119 further defines the eligible space within a terminal development projects as public-use areas that are directly related to the movement of passengers and baggage in terminal facilities within the boundaries of the airport.

In order to determine if a particular area within a terminal is eligible, it must be a public-use area per Table N-1 and it must be for the movement of passengers and baggage per Table N-2.

Table N-1. Public-Use Requirements for Terminal Buildings

The space must be public use as follows…
a. Public use spaces are those areas that passengers may need to occupy as part of their air travel. Areas such as airport administration offices or conference rooms (even if occasionally accessed by the public) are not considered public-use.
b. Public use spaces include the support space needed to make the public space operational, including the mechanical and electrical rooms.
c. Public use spaces do not include areas such as airport operations areas, police areas, administrative space, janitor's closets, and meetings and conference rooms, even though the public may occasionally go to some of these areas.
d. General aviation terminals often function as fixed base operator (FBO) facilities. Any areas behind the counter, including office space or conference room space (even if occasionally used by the public for meetings) are not considered public-use.
e. Areas that are past passenger screening (meaning that only ticketed passengers may access the public-use area) may still be considered public-use.

Table N-2. Movement of Passengers and Baggage Requirements

The space must be directly related to the movement of passengers or baggage as follows…
a. The prime function of a terminal building is to allow passengers and baggage to move from the curb of the terminal building to an airplane. Other uses that may be constructed in a terminal building may be public-use, but may not be directly related to moving passengers and baggage.

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Table N-2. Movement of Passengers and Baggage Requirements

The space must be directly related to the movement of passengers or baggage as follows…
b. If the area does not need to be at an airport, but could be located somewhere else, it is not directly related to the movement of passengers and baggage and is not eligible. For example, a satellite office for a county's Department of Motor Vehicles may be public-use, but it is not directly related to the movement of passengers and baggage and is therefore not eligible.
c. Stores and restaurants for the convenience of the general traveling public are considered related to the movement of passengers. However, these facilities are subject to the revenue producing limitations outlined in Paragraph N-3, and the eligible area is limited to the space that the general public can access.

N-3. Revenue Producing Eligibility and Conditions for Terminal Buildings.

Revenue producing areas are eligible as outlined in Table N-3.

Table N-3. Revenue Producing Eligibility and Conditions for Terminal Buildings

For the following size airports…	Revenue producing areas are…	And the following conditions apply…
a. Large, medium, or small hub	Ineligible	N/A
b. All other airports	Eligible	**(1)** The area must be public-use per 49 USC § 47119(a)(1). The ability to fund revenue producing terminal areas at these airports under 49 USC § 47119(a)(2) does not remove this requirement. **(2)** The sponsor must certify any needed airport development project affecting safety, security or capacity will not be deferred due to the revenue producing project. These certifications are required per 49 USC § 47119(a)(2)(B) and the sponsor must provide this certification in writing to the ADO.

N-4. Safety, Security, and Access Needs Met.

Per 49 USC § 47119(a)(1)(A), the sponsor must certify that it has, on the date of submittal of the project application, all the applicable 14 CFR Part 139 safety and 49 CFR Part 1542 security equipment required by rule or regulation. In addition, the sponsor must certify that they have provided access and equipment for passengers boarding or exiting non-air carrier aircraft. The sponsor must provide this certification in letter format to the ADO.

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N-5. Stand-Alone Americans with Disability Act Project.

A terminal project to comply with the Americans with Disabilities Act of 1990 (42 USC § 12101 et seq.) is eligible as a stand-alone project.

N-6. Prorated Areas and Prorated Capital Equipment.

AIP cannot be used to pay for items or costs that are not eligible or allowable. The way this is addressed in terminals, which contain a mix of both eligible and ineligible areas, is by prorating the total cost.

The easiest method of proration is to use the ratio of the square footage of the eligible areas to the total area. High cost eligible and ineligible items of equipment are normally taken out of these calculations so as to not skew the results. An example of a high cost eligible item is a loading bridge. An example of a high cost ineligible item is a large commissioned sculpture.

In addition, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met.

N-7. Terminal Area Impacted by an AIP Eligible Terminal Project.

If the area being impacted would normally be AIP eligible, then this area can be replaced with AIP funding under the project. If the area being impacted is not AIP eligible (such as revenue producing restaurant in a small, medium, or large hub airport), then only the demolition of the impacted area would be eligible. This impacted area is considered an ineligible sponsor facility and cannot be replaced with AIP funding (see Paragraph 3-68).

N-8. Typical Eligible Areas/Equipment within a Terminal Building.

Table N-4 contains typical eligible areas within a terminal building. As further discussed in Paragraph 3-6, replacement of carpeting (or other flooring, such as tiles or terrazzo), painting, wall coverings, ceiling tiles, and fixed public use seating (including tables and counters) in a terminal are considered ineligible maintenance items if they are not required as a result of an eligible terminal project.

Table N-4. Typical Eligible Areas/Equipment within a Terminal Building

The following terminal areas/equipment…	
a.	Ticketing lobby from entrance to ticket counters (but not including the ticket counters or the areas behind the counters).
a.	Other lobbies used by passengers and guests (commonly called *meeters and greeters*).
b.	The public use-portion of the baggage claim delivery areas (including lost baggage retrieval areas). This includes the baggage carousel equipment (even though by function, a portion of the carousel is located in the non-public area).

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Table N-4. Typical Eligible Areas/Equipment within a Terminal Building

The following terminal areas/equipment…	
c.	Space for equipment needed to make the public space operational, including the mechanical and electrical rooms.
d.	Public-use corridors to boarding areas.
e.	Central waiting rooms.
f.	Passenger boarding bridges at commercial service terminals.
g.	Public restrooms.
h.	Gate holding areas, including fixed public-use seating (including fixed tables and counters) within the holding area.
i.	Directional signs and non-exclusive use flight information display systems (FIDS) and baggage information display systems (BIDS).
j.	Areas to conduct pre-board screening of passengers and baggage including screening areas, rescreening areas and detention areas as required under 49 CFR Part 1542. Offices for security screeners and supervisors, break rooms, training rooms and other uses where passengers are not allowed are not eligible areas.
k.	Customs and Border Control (formerly Federal Inspection Service) areas that are used directly for the inspection and detention of individuals and goods are eligible areas. Areas that are restricted from the public, including offices for screeners and supervisors, break rooms, training rooms and similar uses are not eligible areas. However, the eligibility is limited to the construction of bare space with appropriate utilities. Note that these can be separate buildings, but still are considered terminal development.
l.	The FAA has determined that public use areas for general aviation operations are eligible areas (even within commercial service terminals). Note that these can be separate buildings, but still are considered terminal development.
m.	Terminal modifications to accommodate in-line baggage screening as required by 49 CFR Part 1542. In-line explosive detection system (EDS) equipment is eligible for AIP funding. However, from FY 2004 to the publication date of this Handbook, the FAA appropriations bill has prohibited using AIP grant funds on EDS systems or any building modifications that are necessary to support or install an EDS system. Because PFC eligibility hinges on AIP eligibility, leaving the project eligible but prohibiting *AIP funding* still allows these projects to be funded with PFCs.

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Table N-4. Typical Eligible Areas/Equipment within a Terminal Building

The following terminal areas/equipment…	
n.	Acquiring and installing facilities and equipment to provide air conditioning, heating, or electric power from terminal-based (not mobile), non-exclusive use facilities to aircraft per 49 USC § 47102(3)(O). This type of work used to only be eligible if approved under the Voluntary Airport Low Emissions (VALE) program, but is now also eligible as terminal development outside of the VALE program and does not require the airport to be in a nonattainment or maintenance area. 49 USC § 47102(3)(O) limits eligibility to those facilities that will reduce energy use or harmful emissions as compared to aircraft based systems. There is ample scientific evidence that using power from the terminal rather than from the aircraft will reduce emissions, therefore, per FAA policy, the airport does not have to provide any documentation supporting this assertion. Terminal gate air conditioning, heating or electric power will be eligible following all of the funding, usage, and hub size requirements for other terminal projects.
o.	Although a sponsor has the option to include a command and control center in the terminal, it is not required to be in a terminal and is therefore not considered terminal development. The requirements for AIP funded command and control centers are provided in Appendix O.
p.	If the terminal is a multimodal, only the area that is public use for the movement of passengers and baggage is eligible.

N-9. Additional Eligible Terminal Areas/Equipment at Nonhub Primary and Nonprimary Airports.

In addition to the eligible areas listed in Paragraph N-8, nonhub primary and nonprimary airports may be eligible for the areas listed in Table N-5.

Table N-5. Additional Eligible Terminal Areas/Equipment at Nonhub Primary and Nonprimary Airports

Additional eligible terminal areas/equipment at nonhub primary and nonprimary airports includes the public-use space associated with....	
a.	Ticket Counters at commercial service airports (but not the areas behind the counters).
b.	The public portion of concession areas (the part that the general public can actually access) that is commonly found in airports such as restaurants, lounges, business centers, snack bars, snack vending areas, seating areas for snack areas/restaurants, newsstands, rental car areas, ground transportation and bookstores. Although not considered directly related to the movement of passengers or baggage per 49 USC § 47119(a)(1)(B), it is FAA policy that these areas are eligible under 49 USC § 47119(a)(2). However, the eligibility is limited to the construction of bare space with appropriate utilities and fixed public-use seating (including fixed tables and counters).
c.	Nonrevenue parking lots for the parking of vehicles of passengers and persons meeting or delivering passengers.
d.	A pilot briefing area or pilot lounge at general aviation terminals if the area is open to the public.

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Table N-5. Additional Eligible Terminal Areas/Equipment at Nonhub Primary and Nonprimary Airports

Additional eligible terminal areas/equipment at nonhub primary and nonprimary airports includes the public-use space associated with....
e. Incidental use of public space for display, advertising, or vending machines for public convenience. Building modifications to install these items are not eligible.

N-10. Terminal Building Funding Rules by Airport Type.

The funding rules for terminal buildings are listed in Table N-6.

Table N-6. Terminal Building Funding Rules by Airport Type

For the following airport type…	**The following funding rules apply…**
a. Large, Medium and Small Hub Airports	**(1) Passenger Entitlements (Allowed).** The ADO is only allowed to apply passenger entitlement funds at large, medium and small hub airports. 49 USC § 47119(c)(1) authorizes funds from amounts apportioned under 49 USC § 47114(c)(1), which is the statutory reference for passenger entitlement. **(2) Discretionary (Potentially allowed at a small hub primary that has changed from a nonhub primary).** Per 49 USC § 47108(e)(3), if a nonhub primary airport changes to a small hub primary when a phased terminal development project that has received discretionary is underway, the project remains eligible for discretionary for three fiscal years after the start of the construction project (or longer if the ADO approves an extension). On February 14, 2012, the FAA Modernization and Reform Act of 2012 added 49 USC § 47119(f) which limits the amount of C/S/S/N and pure discretionary applied to $20 million over the life of the project for airports in this category. Per FAA policy, the small airport fund and discretionary from converted entitlements/apportionments is included in this limit. **(3) Discretionary (Allowed at a small hub airport with exactly .05% of the annual passenger boardings).** 49 USC § 47119(c)(3) authorizes funds from the discretionary fund and the Small Airport Fund at a small hub airport with exactly .05% of the annual passenger boardings. **(4) All Other Funding (Not allowed).** The Act does not authorize other funding at large, medium or small hub airports except as listed above.
b. Nonhub Primary Airports	**(1) Passenger Entitlements (Allowed).** The ADO can apply passenger entitlement funds at nonhub primary airports. 49 USC § 47119(c)(1) authorizes funds from amounts apportioned under 49 USC § 47114(c)(1), which is the formula for passenger entitlements. **(2) Discretionary (Allowed, but only from the Small Airport Fund, C/S/S/N, pure discretionary, and discretionary from converted entitlements/apportionments).** 49 USC § 47119(c)(3) authorizes funds from the discretionary fund and the Small Airport Fund at nonhub primary airports. On

Table N-6. Terminal Building Funding Rules by Airport Type

For the following airport type…	The following funding rules apply…
	February 14, 2012, the FAA Modernization and Reform Act of 2012 added 49 USC § 47119(f) which limits the amount of C/S/S/N and pure discretionary applied to a terminal project at nonhub primary airports to $20 million over the life of the project. Per FAA policy, the small airport fund and discretionary from converted entitlements/apportionments is included in this limit. **(3) All Other Funding (Not allowed).** The Act does not authorize other funding at these airports except as listed above.
c. Nonprimary Commercial Service	**(1) Nonprimary Entitlement (Allowed).** The ADO can apply nonprimary entitlement funds at nonprimary commercial service airports. 49 USC § 47119(c)(5) authorizes funds from amounts apportioned under 49 USC § 47114(d)(3)(A), which is the reference for nonprimary entitlements. **(2) Discretionary (Allowed up to $200,000 per fiscal year, but only from the C/S/S/N, pure discretionary, and discretionary from converted entitlements/apportionments).** 49 USC § 47119(c)(2) authorizes funds from the discretionary fund under 49 USC § 47115 at nonprimary commercial service airports. The Small Airport Fund is under 49 USC § 47116, therefore discretionary cannot be used from the Small Airport Fund at nonprimary commercial service airports. **(3) All Other Funding (Not allowed).** The Act does not authorize other funding at these airports except those listed above.
d. Reliever Airports	**(1) Discretionary (Allowed up to $200,000 per fiscal year, but only from C/S/S/N, pure discretionary, and discretionary from converted entitlements/apportionments).** 49 USC § 47119(c)(2) authorizes funds from the discretionary fund under 49 USC § 47115 at these airports. After review of the legislative history, the FAA has that 49 USC § 47119(c)(2) allows reliever airports to use discretionary on a terminal building, regardless if the airport has commercial service. **(2) Discretionary (Potentially allowed for a reliever airport that has dropped from commercial service).** Per 49 USC § 47108(e)(2), if a commercial service airport (either a nonprimary commercial service or a hub airport) changes to a noncommercial service airport (either a reliever or general aviation airport) when a phased terminal development project is underway, the project remains eligible for discretionary under the original funding rules for the previous airport type. **(3) Nonprimary Entitlement (Allowed).** The ADO can apply nonprimary entitlements at reliever airports. 49 USC § 47119(c)(5) authorizes funds from amounts apportioned under 49 USC § 47114(d)(3)(A), which is the reference for nonprimary entitlements. After review of the legislative history, the FAA has that 49 USC § 47119(c)(5) allows reliever airports to use nonprimary entitlements on a terminal building, regardless if the airport has commercial service. **(4) All Other Funding (Not allowed).** The Act does not authorize other funding at reliever airports except those listed above.

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Table N-6. Terminal Building Funding Rules by Airport Type

For the following airport type…	The following funding rules apply…
e. General Aviation Airports (Excluding Reliever Airports)	**(1) Discretionary (Potentially allowed for a general aviation airport that has dropped from commercial service).** Per 49 USC § 47108(e)(2), if a commercial service airport (either a nonprimary commercial service or a primary airport) changes to a noncommercial service airport (either a reliever or general aviation airport) when a phased terminal development project is underway, the project remains eligible for discretionary under the original funding rules for the previous airport type. **(2) Nonprimary Entitlement (Allowed**). The ADO can apply nonprimary entitlements at general aviation airports. 49 USC § 47119(c)(5) authorizes funds from amounts apportioned under 49 USC § 47114(d)(3)(A), which is the reference for nonprimary entitlements. After review of the legislative history, the FAA has that 49 USC § 47119(c)(5) allows general aviation airports to use nonprimary entitlements on a terminal building, regardless if the airport has commercial service. **(3) All Other Funding (Not Allowed).** The Act does not authorize other funding at these airports except those listed above.

N-11. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table N-7. Terminal Work Codes

If the project is justified as follows……	Use the following work codes…
a. The project meets the definition of a capacity project (see Appendix A).	CA TE XX
b. The project meets the definition of a standards project (see Appendix A).	ST TE XX

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Table N-8. Terminal Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Construct Terminal Building	**(1)** The ADO must have concurred with the sponsor's terminal sizing methodology. **(2)** Sponsor must comply with the seismic requirements set forth in 49 CFR Part 41, Seismic Safety, in the design and construction of the building. **(3)** To the extent practicable, the development should be aimed at meeting the needs for the 10 years after development with provision for expansion to meet projected needs subsequent to 10 years. **(4)** Modification/rehabilitation of existing facilities must be considered before the ADO can consider new terminal development. The ADO can consider funding new terminal development if costs are comparable to modification/rehabilitation of existing facilities and the new construction will provide better flexibility, ability to expand, or a longer useful life. **(5)** Gates cannot be leased for more than 10 years and must not be subject to a majority in interest clause. **(6)** The project must be supported by an FAA-accepted planning study. **(7)** A project for walkways that lead directly to or from a terminal is eligible terminal development per § 47102(28)(iii). Per FAA policy, walkways include surface sidewalks, moving sidewalks, tunnel walkways, stairs, and overhead walkways. Covers or canopies over surface sidewalks may be eligible when necessary	A complete terminal building to allow the movement of passengers and baggage.	CA TE CO ST TE CO See Table N-7 for the correct work code.

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Table N-8. Terminal Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	to protect concentrations of persons from the weather such as at passenger loading or unloading areas. In addition, only the portion of the walkway that is on airport is eligible. **(8)** Per 49 USC § 47119(a)(1)(A), the airport has all safety equipment required for the airport per 49 USC § 44706 (Airport Operating Certificates), has all security equipment required by rule or regulation, and has provided for access by passenger to the area of the airport for boarding or exiting aircraft that are not air carrier aircraft. **(9)** Per 49 USC § 47119(a)(1), only public-use areas of the terminal are allowable (regardless of the revenue producing status of the area). **(10)** ADOs may use the current versions of Advisory Circular 150/5360-13, Planning and Design Guidelines for Airport Terminal Facilities and Advisory Circular 150/5360-9, Planning and Design of Airport Terminal Facilities at Non-Hub Locations for additional guidance. However, the eligibility and justification rules within this Handbook must be followed for AIP funded terminals. **(11)** The ADO must coordinate all multimodal terminal projects with APP-520 prior to programming the associated grant.		
b. Expand Terminal Building	**(1)** The requirements for *Construct Terminal Building* apply. **(2)** This work code is used for physical expansion to increase	A completed terminal expansion with an increase in the number of gates, ticket counters, or baggage	CA TE EX ST TE EX` See Table N-7 for the

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Table N-8. Terminal Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	the number of gates, ticket counters, or baggage carousels. **(3)** The ADO must coordinate all multimodal terminal projects with APP-520 prior to programming the associated grant.	carousels.	correct work code.
c. Modify Terminal Building	**(1)** The requirements for *Construct Terminal Building* apply. **(2)** This may include modification needed for security screening, modifications to meet federal mandates, or modifications needed to accommodate a new class of aircraft at the terminal. **(3)** The ADO must coordinate all multimodal terminal projects with APP-520 prior to programming the associated grant.	A completed modification of the building that allows for a specific additional function.	CA TE IM ST TE IM See Table N-7 for the correct work code.
d. Rehabilitate Terminal Building	**(1)** The requirements for *Construct Terminal Building* apply. **(2)** This may include the replacement of eligible major capital equipment systems that will extend the useful life of the terminal building or replacement of a fixed building component. **(3)** Rehabilitate Terminal Building projects are: **(a)** Major renovation of public restrooms. **(b)** Replacement or major overhaul of public elevators, escalators, and moving sidewalks. **(c)** Major replacement of a significant percentage of a terminal roof. **(d)** Replacement of a significant portion of the terminal windows in the public-use	A complete renovation that extends the useful life by the minimums in Paragraph 3-11 (note that equipment may have a shorter minimum useful life than the building).	CA TE IM ST TE IM See Table N-7 for the correct work code.

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Table N-8. Terminal Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	areas. **(4)** The ADO must coordinate all multimodal terminal projects with APP-520 prior to programming the associated grant.		
e. Improve Terminal Building	**(1)** The requirements for *Construct Terminal Building* apply. **(2)** Justification for improvement of a terminal building will rely on a terminal study that justifies improvements based on improved passenger or baggage handling. It will involve adding new capabilities that do not currently exist at the terminal, generally through the installation of new capital equipment. **(3)** Improve terminal building projects may include installations of: **(a)** New baggage carousels. **(b)** Loading bridges. **(c)** Pedestrian walkways. **(d)** Elevators or escalators. **(4)** The ADO must coordinate all multimodal terminal projects with APP-520 prior to programming the associated grant.	A completed improvement of the building that adds new capabilities.	CA TE IM ST TE IM See Table N-7 for the correct work code.
f. Acquire Passenger Lift Device	**(1)** This is eligible under 49 USC § 47119(a)(1)(A)(iii). **(2)** The vehicles must be used to board passengers on an aircraft, not to transport passengers between gates in airport terminals (these are considered people mover projects and are covered under Appendix P). **(3)** The sponsor must include specific information describing	A new vehicle or lift that meets FAA design standards.	ST TE MS

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Table N-8. Terminal Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	the vehicle or equipment that is being acquired in the project description of the application.		

*The official list of work codes can be obtained from the automated AIP system.

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Appendix O. Other Building Projects

O-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

O-2. Aircraft Rescue & Fire Fighting Building Costs at 14 CFR Part 139 Airports.

The main purpose of an ARFF building is to protect the grant-funded ARFF vehicle. For airports without a 14 CFR Part 139 certificate a minimal structure to house and protect the grant funded ARFF vehicle is usually all that is justified.

More areas and items are eligible at an airport with a 14 CFR Part 139 certificate. The current version of Advisory Circular 150/5210-15, Aircraft Rescue and Firefighting Station Building Design, contains facilities that are not required and will not be considered justified for project funding. Table O-1 narrows these design standards to the allowable costs for AIP funding. Although the advisory circular provides for a 20 percent increase in the size of the areas, only the minimum space is eligible under AIP unless the ADO provides written approval.

Table O-1. Allowable Costs for Areas in an ARFF Building at 14 CFR Part 139 Certificated Airports.

For the following area/items…	The following cost criteria apply…
a. Vehicle bays	The number of eligible bays is limited to that necessary for housing eligible ARFF equipment. Space for a structural fire truck is eligible if the structural fire truck is eligible.
b. Maintenance bay	A maintenance bay may be eligible within an ARFF building if all of the requirements for maintenance facilities in Table O-3 are met.
c. Administrative space	The number of personnel (as required by 14 CFR Part 139 response times or local government staffing requirements) for the eligible ARFF vehicles determines the allowable administrative space requirements. The purpose is limited to that of a watch/alarm room used to receive emergency calls and dispatch ARFF vehicles. This does not include other administrative areas such as the Fire Chief office.
d. Support rooms	Space for necessary gear, medical equipment storage, and decontamination is eligible.
e. Personnel facilities	The number of personnel (as required by 14 CFR Part 139 response times or local government staffing requirements) for the eligible ARFF vehicles determines the allowable personnel space requirements. Eligible areas include a day room, dormitories, locker rooms, bathrooms, shower facilities, a kitchen, and a laundry room.

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Table O-1. Allowable Costs for Areas in an ARFF Building at 14 CFR Part 139 Certificated Airports.

For the following area/items…	The following cost criteria apply…
f. Training	The number of personnel (as required by 14 CFR Part 139 response times or local government staffing requirements) for the eligible ARFF vehicles determines eligible training space requirements.
g. Furnishings, appliances, and support utilities	An emergency generator sized to meet the facility needs, utilities to serve the building, cabinets, a stove, a refrigerator, and a sink are eligible.

O-3. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table O-2. Distinctions between Construct, Expand, Modify, Improve, and Rehabilitate

Use the following description…	If the project will…
e. Construct	Build a brand new building.
f. Expand	Add on to an existing building.
g. Modify	Change a building.
h. Improve	Provide a distinct new feature to a building.
i. Rehabilitate	Extend the useful life of a building by completing major renovation or major replacement of parts of the building.

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Aircraft Rescue & Fire Fighting Building (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** The building must be sized according to the airport's ARFF index. **(2)** Allowable building costs are discussed in Paragraph O-2. **(3)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table O-2.	A fully functional ARFF building.	SA BD EX
b. Aircraft Rescue & Fire Fighting Building (Rehabilitate) *(Replace Communication System)*	**(1)** Total replacement of the ARFF communication system is eligible every 10 years and is coded as rehabilitation.	A new, fully functional ARFF communication system.	SA BD EX
c. Snow Removal Equipment Building (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** Snow removal equipment buildings are intended to protect the AIP funded snow removal equipment and materials. **(2)** Funding snow and ice control buildings is limited to facilities necessary for eligible equipment as well as storing abrasive or chemicals used in treatment of paved areas. All other areas and equipment recommended in the current version of Advisory Circular 150/5220-18 must be paid for by the sponsor. **(3)** The eligibility of a maintenance bay is provided elsewhere in this table and may be included in the SRE building if the requirements for the maintenance bay are met. **(4)** At the time the building is programmed, the eligible equipment must be owned, on order, or budgeted by the airport within the next 5 years. **(5)** The SRE building is not intended to function as personnel quarters,	A fully functional snow removal equipment building.	ST BD SN

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	training space, or other functions. It is only intended for storage of eligible equipment. If non-eligible equipment storage is included in the building, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met. **(6)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table O-2.		
d. Construct Sand and Chemical Storage Building (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** Small stand-alone buildings for storage of airport surface deicing chemicals and sand may be constructed if the size and design is appropriate for the facility. **(2)** This function may also be incorporated as eligible area in a snow removal equipment building. **(3)** Snow and ice control abrasive or chemicals are to be used for airport pavement (not aircraft) because 49 USC § 47102(3)(G) does not permit the purchase or storage of deicing materials for aircraft. **(4)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table O-2.	A fully functional sand and chemical storage building.	ST BD SN
e. Miscellaneous Building (Construct, Expand, Modify, Improve, or Rehabilitate) *(Maintenance or Service Facility)*	**(1)** One maintenance or service facility (also called a maintenance bay) for maintaining required safety and security equipment at airports with a 14 CFR Part 139 certificate may be funded. **(2)** The facility must not exceed 1500 square feet in size and may be co-located within an existing or new building or in its own free standing building. **(3)** The eligible area is determined by adding 10 feet to the length and 10 feet to the width of the largest ARFF	A fully functional maintenance or service area or building.	ST BD MS

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	vehicle serving the airport, then multiplying these two dimensions for the bay size and adding a like amount for support space. **(4)** The ADO must confirm whether the airport already has an existing maintenance or service bay in the ARFF or SRE buildings. If so, an additional facility is not justified. **(5)** Construction of maintenance space does not include maintenance equipment, supplies, or tools because the costs of maintenance are not eligible. **(6)** The building/area must not be used for storage of any equipment or materials. The space must only be used for maintenance of eligible safety and security equipment. **(7)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table O-2.		
f. Miscellaneous Building (Construct, Expand, Modify, Improve, or Rehabilitate) *(Aircraft Hangar, Fixed Based Operator (FBO) Building, or Aircraft Maintenance Building)*	**(1)** For MAP funded hangars, see Appendix T, as many of the following requirements do not apply for MAP projects. **(2)** Per 49 USC § 47110(h), the airport must be a nonprimary airport. **(3)** Only nonprimary entitlements funding may be used for the building. **(4)** The sponsor must adequately demonstrate to the ADO that airside needs within the next three years will be accommodated through local funds or nonprimary entitlement funds. **(5)** The sponsor must not plan on using discretionary funds to meet the future 3 years of airside needs. It is APP-500 policy that the sponsor will not be considered for discretionary	A fully functional aircraft hangar, FBO building, or aircraft maintenance building.	ST BD MS

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	during that time. **(6)** Per 49 USC § 47102(24), the use of the building must only be for aeronautical purposes (storage of property other than aircraft or aircraft supplies is not allowed). Non-aeronautical uses are not allowed. **(7)** The use and lease of the building must meet the compliance requirements outlined in the current version of FAA Order 5190.6, FAA Airport Compliance Manual. **(8)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table O-2. **(9)** The apron and taxilane in front of a building that cannot be used for public parking or taxiing of aircraft is considered part of the building. For buildings for Group I aircraft, this area is 27 feet in front of the building, for Group II aircraft is 40 feet in front of the building, and for Group III is 56 feet in front of the building. Note that this is one half of the taxilane object free area minus one half of the taxilane width. This pavement may be eligible as building work provided it is associated with an eligible building. **(10)** A minimal size parking lot may be included as an allowable cost. **(11)** The acquisition of existing buildings involves further review of existing environmental issues, useful life issues, and reverter clause issues. Therefore the ADO must coordinate these requests with APP-520 and ACO-100.		
g. Miscellaneous Building (Construct, Expand, Modify,	**(1)** Only the portion of the building dedicated to airfield security is eligible. By FAA policy, this only includes the prorated building cost	A fully operational command and control center console for airfield	ST BD MS

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
Improve, or Rehabilitate) *(Command and Control Center)*	for a single position at the console and must not include the cost for equipment or furniture that is not fixed or mounted. In addition, the requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met. **(2)** This is not specifically required under 49 CFR Part 1542, therefore a letter from TSA is not mandatory for AIP funding. **(3)** Although a sponsor has the option to include a command and control center in the terminal, it is not required to be in a terminal and is therefore not considered terminal development.	security.	
h. Miscellaneous Building (Construct, Expand, Modify, Improve, or Rehabilitate) *(Contract Air Traffic Control Tower (ATCT))*	**(1)** Funding is limited per Paragraph 4-6. **(2)** If an airport proposes state apportionments for these projects, those funds may be used provided the ADO consults with the state aviation official and obtains the state's support for the project as part of its airport capital improvement plan. State apportionment funds may only be used on projects that are to be undertaken in the future rather than for retroactive funding. The project file must include the state's written support. **(3)** Only the equipment contained in the Federal Contract Tower Minimum Equipment List is eligible for AIP funding. **(4)** The FAA Air Traffic Organization (ATO) must provide a letter or comparable documentation stating that the airport was selected to be a participant in the FAA Contract Tower program under 49 USC §	Construction or equipment to support a contract control tower that meets FAA standards.	ST BD MS

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	47124 or that the construction of the ATCT would qualify the sponsor to be added to the program and it will seek appropriations the airport to be in the contract tower program. The ADO must keep a copy of this documentation in the grant file. **(5)** The federal share of the cost of planning and construction is limited to a cumulative maximum of $2.0 million *per airport* per 49 USC § 47124(b)(4)(C). **(6)** Eligible costs include the ATCT structure and equipment inside it. **(7)** The FAA Air Traffic Organization (ATO) standards must be met for ATCT equipment in an AIP projects. Modification of any equipment standard must have been approved by ATO. **(8)** For projects that were completed after October 1, 1996, retroactive funding of the ATCT and equipment is eligible, provided the airport demonstrates statutory requirements were met. For instance, the project must have been accomplished using DBE, minimum wage, veteran's preference, environmental approval, and other requirements under 49 CFR § 18. **(9)** The sponsor must certify in the FAA operating agreement and the cost share agreement, if applicable, that it will pay its share of the cost to equip, maintain and operate the ATCT. **(10)** The ATCT must be located so that it does not conflict with the airport design requirements in the current version of Advisory Circular 150/5300-13, Airport Design. **(11)** The ATCT must be sited through		

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Table O-3. Other Building Project Requirements (Other than Terminals)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	the Airport Facilities Terminal Integration Laboratory (AFTIL) based on the current version of FAA Order 6480.4, Air Traffic Control Tower Siting Process. **(12)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table O-2.		
i. Law Enforcement Facilities	**(1)** The only eligible law enforcement facilities are airfield facilities to provide for a law enforcement presence required for air transportation security. The FAA has determined that the only facilities that meet these requirements are guard shacks at airfield access points. Guard shacks are coded under security fencing (see Table L-2)	N/A	N/A

*The official list of work codes can be obtained from the automated AIP system.

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Appendix P. Roads and Surface Transportation Projects

P-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

P-2. Project Requirements Tables.

In addition to the information provided in the above paragraph and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table P-1. Distinctions between Construct, Expand, Modify, Improve, and Rehabilitate

Use the following description…	If the project will…
j. Construct	Build a brand new road or surface transportation facility.
k. Expand	Add on to an existing road or surface transportation facility.
l. Modify	Change a road or surface transportation facility.
m. Improve	Provide a distinct new feature to a road or surface transportation facility.
n. Rehabilitate	Extend the useful life of a road or surface transportation facility.

Table P-2. Road and Surface Transportation Work Codes

If the project is justified as follows……	Use the following work codes…
a. The project meets the definition of a capacity project (see Appendix A).	CA GT XX
b. The project meets the definition of a standards project (see Appendix A).	ST GT XX

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Table P-3. Roads and Surface Transportation

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Access Road (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** Per 49 USC § 47102(28)(A)(ii), access roads servicing exclusively airport traffic that lead directly to or from an airport passenger terminal building is terminal development. Therefore funding restrictions for terminal development apply. Any portion of the access road that does not lead directly to or from the terminal building (directly to the public road or airport facility) is not considered terminal development and therefore funding restrictions for terminal development do not apply. **(2)** Generally only one connection from the airport to the public road is allowable. However, more than one connection is eligible if the airport surface traffic is of sufficient volume to require more than one connection (must be supported by traffic counts and a recent traffic study) or there is no landside access to reach aeronautical facilities from any portion of the access road. **(3)** The connection from the airport to the public road may only extend to the nearest public highway of sufficient capacity to accommodate airport traffic. **(4)** Access roads directly to or from a terminal and an eligible or an ineligible area (such as a revenue producing parking lot or rental car facility) are eligible. This is because 49 USC § 47119(a)(1)(B) provides that access roads to and from a terminal is eligible because it is directly related to moving passengers and baggage in air commerce within the airport. **(5)** Access roads must be located on	A complete roadway access system that ties the public highway to the airport.	CA GT AC OT GT AC See Table P-2 for the correct work code. For an access road associated with a new terminal, the access road must be included under the terminal project work code.

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Table P-3. Roads and Surface Transportation

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	the airport or within a right-of-way acquired by the sponsor. **(6)** Based on a legal finding, the access road must serve exclusively airport traffic. This means that an access road cannot be prorated. In mixed use situations of airport/nonairport use, only the portion of the road that is beyond the non-airport access point is allowable. **(7)** Related facilities such as acceleration and deceleration lanes, exit and entrance ramps, street lighting, guidance and traffic signs, and bus stops may be included in the access road project when they are a necessary part of an eligible access road. **(8)** Guidance signs are not eligible unless they are required as part of an eligible road project, a major airside reconfiguration, or a complete replacement of the signage system because the signs have met the end of their useful life. Airport entrance signs are not eligible. **(9)** Per FAA policy, bike lanes are eligible as access road development and must meet all of the other access road requirements. **(10)** Recirculation roads and cell phone waiting lots are allowable and can be included in the access road project. Allowable cell phone waiting area costs are limited to those necessary to allow cars to remove themselves from the roadway circulation traffic and safely wait for arriving passengers. Areas for unattended car parking and amenities such as flight information display boards are not considered necessary and are		

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Table P-3. Roads and Surface Transportation

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	therefore are not eligible. **(11)** Like access roads, a project for walkways that lead directly to or from a terminal is eligible terminal development per 49 USC § 47102(28)(A)(iii); and the walkway can be included as part of the access road project. Per FAA policy, walkways include surface sidewalks, moving sidewalks, tunnel walkways, stairs, and overhead walkways. Covers or canopies over surface sidewalks are allowable costs when they are necessary to protect concentrations of persons from the weather such as at passenger loading or unloading areas. In addition, only the portion of the walkway that is on airport is eligible. **(12)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table P-1.		
b. Service Road (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** A service road located on the airfield side of the airport is eligible if necessary for: **(a)** ARFF access to a runway or runway safety area. **(b)** Airport operation and maintenance. **(c)** Separation of ground vehicles and aircraft justified on the basis of safety as determined by a 14 CFR Part 139 inspector or a Runway Safety Action Team recommendation. **(2)** A gravel service road located along the outside of the perimeter fence is eligible if necessary for security and supported by a letter from TSA or justified on the basis of safety as determined by a 14 CFR Part 139 inspector or a Runway Safety Action Team recommendation. The road must be on airport	A fully functional service road that provides access to the intended area.	OT GT SV

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Table P-3. Roads and Surface Transportation

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	property and per FAA policy is limited to a 15 foot wide gravel road. **(3)** A service road that is otherwise eligible but provides incidental access to FAA or other non-aviation related areas or facilities is still considered eligible. **(4)** A temporary gravel service road on either side of a fence during construction of the fence is eligible. **(5)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table P-1.		
c. Terminal People Mover (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** Per FAA policy, terminal people movers are treated the same as access roads. As such, per 49 USC § 47102(28), terminal people movers are included in the definition of terminal development and must follow the terminal building funding rules in Table N-6. Stand-alone grants can be issued for these projects. **(2)** Light rail, monorail, and automated people mover systems used to transport passengers and baggage between terminals are considered eligible terminal people movers. **(3)** In addition, vehicles for moving passengers between terminal facilities and between terminal facilities and aircraft as specifically eligible as terminal development under 49 USC § 47102(28)(B). **(4)** Stations or stops must be on airport property and only for passenger access to the airport. **(5)** If any ineligible areas (examples of ineligible costs are listed in Appendix C) are included in the system's or station's design, the cost for the system and station must be prorated. The	A fully functional airport people mover.	CA GT PM OT GT PM See Table P-2 for the correct work code.

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Table P-3. Roads and Surface Transportation

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met. **(6)** Extensive justification for an on-airport passenger transportation system is required. This justification must include a discussion of other alternatives. Any such project must be coordinated with APP-500. **(7)** The sponsor must include specific information describing the vehicle or equipment that is being acquired in the project description. **(8)** Per 49 USC § 47119(a)(1)(A), the airport has all safety equipment required for the airport per 49 USC § 44706 (Airport Operating Certificate), has all security equipment required by rule or regulation, and has provided for access by passenger to the area of the airport for boarding or exiting aircraft that are not air carrier aircraft. **(9)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table P-1.		
d. Access Rail (Construct, Expand, Modify, Improve, or Rehabilitate)	**(1)** Per FAA policy, access rails are treated the same as access roads. As such, per 49 USC § 47102(28), access rails are considered to be terminal development. Therefore, all funding restrictions for terminal development apply. **(2)** Public train service to an airport must meet the same eligibility criteria as airport access roads. The rail line must be limited to only serve passengers and employees traveling to and from the airport. **(3)** If any ineligible areas (examples of ineligible costs are listed in Appendix C) are included in the system's or station's design, the	A fully functional access rail system.	CA GT RL OT GT RL See Table P-2 for the correct work code.

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Table P-3. Roads and Surface Transportation

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	cost for the system and station must be prorated. The requirements for including ineligible or non-AIP funded work in the contract in Paragraph 3-37 must be met. **(4)** The difference between construct, expand, modify, improve, and rehabilitate is listed in Table P-1.		

*The official list of work codes can be obtained from the automated AIP system.

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Appendix Q. Land Projects

Q-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

Q-2. General Eligibility Requirements.

The acquisition of any interest in land is eligible when it is needed for *airport purposes*. Even though many infrastructure and construction elements are not eligible for AIP, the land they occupy is eligible for AIP funding if they meet this definition (see Appendix A).

The sponsor is responsible for maintaining adequate documentation to support costs as eligible for federal reimbursement. A documentation checklist and quality control guidelines are provided in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects, and the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects.

Q-3. Applicable Land Orders, Regulations, and Advisory Circulars.

When acquiring land for an AIP assisted project (AIP in any portion of the project) the airport owner must comply with 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs. 49 CFR Part 24 requirements are described in the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and guidance for sponsor documentation and compliance is provided in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects. The airport owner must certify to the FAA its compliance to 49 CFR Part 24 for any land acquired for an AIP funded airport project.

Q-4. Appraisal Requirement.

The cost of all real property acquired for AIP purposes must be supported by a real estate appraisal, accepted settlement justification and evidence of good title to the acquired property. The FAA appraisal requirements are based on 49 CFR § 24.103. These requirements are described in the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects.

The fair market value of the land at the time of purchase must be used, not the current fair market value. The exception is for privately-owned airports, where 49 USC § 47109(d) requires that the current fair market value of the land at the time of the project be used.

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Q-5. Good Title Requirements for Land and Easement Acquisition.

All AIP funded land and easement acquisition must meet the requirements for good title found in Table Q-1.

Table Q-1. Good Title Requirements for Land and Easement Acquisition

The following criteria apply…
a. The sponsor must acquire sufficient right, title and interest in the property to meet project requirements (e.g. construct, operate and maintain). Property interests required in off-airport areas must be sufficient to assure that the sponsor will not be deprived of its right to occupy and use such lands for the purposes intended.
b. The sponsor must ensure marketable title to property is conveyed to the airport free and clear of any interest or encumbrance that may conflict with the project need and use of the property.
c. Airport property title and airport interests in property must be recorded in the local public land records.
d. The property title conveyed must be as appraised and agreed for the purchase.
e. The sponsor's attorney must certify to ADO that good to title has been acquired.
f. The attorney may rely on title insurance (title company commitment of insurance of marketable title), or title abstract or an attorney's certificate of title.

Q-6. Acceptable Land Interests.

The acceptable types of land interests that may be funded with AIP are listed in Table Q-2.

Table Q-2. Types of Land Interests

For the following type of land interest…	The following applies…
a. Fee Simple.	The sponsor should normally acquire the fee simple interest in land needed to construct or protect airport use or development

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Table Q-2. Types of Land Interests

For the following type of land interest…	The following applies…
b. Easements and Lesser Interests.	Some lesser property interest may be acquired if that interest is legally sufficient for the purpose of the project or the acquisition is to a lesser property interest by a court order. For instance, it may be preferable to acquire an adequate easement for horizontal and conical surfaces instead of the fee interest in the land. However, if the cost of a lesser interest such as an easement is nearly the cost of fee simple interest, fee simple title to the land should be acquired. Additional guidance on easement terms and requirements is provided in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects.

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Q-7. Logical Boundaries.

Where feasible, land may be acquired to a logical boundary, such as existing property lines and/or boundaries created by nature such as rivers and manmade development (highways, railroads, etc.).

Q-8. Uneconomic Remnants.

When a partial acquisition would leave the owner with an uneconomic remnant, as defined in 49 CFR Part 24, the airport owner must offer to purchase the remnant.

Q-9. Disposal of Excess Land.

Occasionally, the sponsor may negotiate the purchase of more of a property than is required for the airport project (such as agreeing to a whole taking versus the needed partial take from the owner's property). In this case, AIP can be used to acquire the excess land. However, the airport sponsor must agree that it will promptly dispose of the excess land (per the requirements of Paragraph 5-66).

Q-10. Purchasing Land from a State/Local Public Agency.

The FAA must determine that land acquired from another public agency is, in fact, a bona fide sale to the sponsor, and that such land was not transferred merely for the purpose of making the land eligible for federal funding.

Q-11. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table Q-3. Land Work Codes

If the project is for…	Use the following work codes…
Land or easement acquisition for a specific AIP eligible project.	The work code for the associated project
Land or easement acquisition for multiple AIP eligible projects.	ST LA DV (Acquire Land for Development) ST LA DV (Acquire Easement for Development)
Land acquisition for *airport purposes* (as defined in Appendix A) that are not AIP eligible.	ST LA MS (Acquire Miscellaneous Land)

Table Q-4. Land Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Acquire Land or Easements	**(1)** The acquisition must meet the requirements of 49 CFR Part 24, the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects. **(2)** The land or easement must be needed for *airport purposes* (as defined in Appendix A) within the next 20 years. **(3)** For reimbursement of previously acquired land or easements, the land or easement can be currently used for existing airport purposes or be needed for airport purposes (as defined in Appendix A) within the next 20 years. **(4)** The associated development must be shown on the FAA approved airport layout plan. **(5)** The sponsor must certify that the requirements of 49 CFR Part 24 are being met. **(6)** The Exhibit A must be updated	Sponsor owned land or easement with good title.	See Table Q-3 for the correct work code.

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Table Q-4. Land Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	when the purchase is complete.		
b. Lease Publically Owned Land	**(1)** These are rare, so the ADO must contact APP-400 for guidance to ensure that all of the necessary requirements are being met. **(2)** The lease must meet the requirements of 49 CFR Part 24, the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects. **(3)** The lease must be between the sponsor and public agency (a state, a political subdivision of a state (such as a city, municipality, or state agency), a tax-supported organization, or an Indian tribe or pueblo). **(4)** The acquisition, easement, or other interest in the land is not available. **(5)** The lease negotiations must meet applicable requirements of 49 CFR Part 24. If the sponsor cannot condemn the land, then the lease negotiations may be exempt from the provisions of 49 CFR Part 24 as a voluntary transaction (as described at 49 CFR § 24.101(b)(2)). **(6)** Prepaid rent, which is payment in full in advance for the full term of the lease, is eligible. The pre-paid rent must reflect the present value of the rent payments, not to exceed the current fair market value of the real property leased. **(7)** The lease term must exceed 20 years. This is because the lease term must be longer than the grant assurances for AIP construction	A long term lease that helps ensure adequate rights needed to operate the airport.	See Table Q-3 for the correct work code.

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Table Q-4. Land Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	projects. **(8)** Justification must include reason why the land is not to be acquired instead of leased. **(9)** Periodic rental or lease payments are not allowable. **(10)** The land must be needed for *airport purposes* (as defined in Appendix A) within the next 20 years. **(11)** The associated development must be shown on the FAA approved airport layout plan. **(12)** The sponsor must certify that the requirements of 49 CFR Part 24 are being met. **(13)** The Exhibit A must be updated when the purchase is complete.		
c. Exchange Land or Easement	**(1)** These are rare, so the ADO must contact APP-400 for guidance to ensure that all of the necessary requirements are being met. **(2)** Appraisals must be completed for the sponsor owned land and the property to be acquired. **(3)** Both properties must be appraised. If one piece of property has a higher value, the owner of that property must be offered the difference. **(4)** The ADO must issue a land release before the sponsor owned land can be exchanged. **(5)** The land or easement must be needed for *airport purposes* (as defined in Appendix A) within the next 20 years. **(6)** For reimbursement of previously acquired land or easements, the land or easement can be currently used for existing airport purposes or be needed for airport purposes	Sponsor owned land or easement with good title.	See Table Q-3 for the correct work code.

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Table Q-4. Land Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(as defined in Appendix A) within the next 20 years. **(7)** The associated development must be shown on the FAA approved airport layout plan. **(8)** The sponsor must certify that the requirements of 49 CFR Part 24 are being met. **(9)** The Exhibit A must be updated when the purchase is complete.		
d. Acquire Land or Easement for Approaches	**(1)** Land acquisition and easements for approaches are eligible for the following: **(a) Airport Design Advisory Circular.** Approach surfaces in the current version of Advisory Circular 150/5300-13, Airport Design. There are many approach surfaces including, but are not limited to, obstacle free zones, threshold obstacle clearance surfaces, 14 CFR Part 77 surfaces, approach and departure surfaces, and the runway protection zone. The ADO must consult the current version of the advisory circular to determine the current requirements (including sponsor requirements for obtaining RPZ land). **(b) 14 CFR Part 77 Surfaces.** Per FAA policy, obstructions to the 14 CFR Part 77 primary approach and 7:1 transitional surfaces. **(c) TERPS.** Any of the United States Standard for Terminal Instrument Procedures **(2)** Land acquisition and easement are limited to that necessary for the approach surfaces to obtain vertical clearance 100 feet above the elevation of the runway ends, but	Sponsor owned land or easement with good title.	ST LA SZ

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Table Q-4. Land Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	no more than 5,000 feet beyond the end of the runway. Beyond 5000 feet from the runway end it is expected that the airport sponsor should rely on available local zoning and land use controls to protect approaches. **(3)** The Exhibit A must be updated when the purchase is complete. **(4)** The land or easement must be needed for approaches within the next 20 years. **(5)** For reimbursement of previously acquired land or easements, the land or easement can be currently used for existing approaches or be needed for approaches (as defined in Appendix A) within the next 20 years. **(6)** If the sponsor is purchasing an easement, it is preferable that the easement allows the sponsor to clear rather than top. This is because AIP can only be used to top the trees once and any future clearing on the property cannot be grant funded. The actual clearing or topping is funded under an obstruction removal projects. If the easement and obstruction removal is done at the same time, the entire project is coded as obstruction removal. **(7)** Rebuilding a facility in a new location is only eligible if the facility meets the requirements in Paragraph 3-68. **(8)** Obstruction removal within runway safety areas must meet the requirements and use the work codes in Appendix G. **(9)** Obstruction removal to support wide area augmentation system (WAAS) approaches is covered elsewhere in Appendix D and has a		

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Table Q-4. Land Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	different work code.		
e. Acquire Land for Noise Compatibility	**(1)** The requirements for this type of land are contained in Appendix R.	N/A	N/A

*The official list of work codes can be obtained from the automated AIP system.

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Appendix R. Noise Compatibility Planning/Projects

R-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

R-2. General Eligibility Requirements (The Four Types of Justification).

To be eligible, a noise compatibility project (also referred to as a noise mitigation project) must meet one of the following justification requirements in Table R-1.

Table R-1. General Eligibility Requirements for Noise Compatibility Projects

The noise compatibility project must be…
(1) In a 14 CFR Part 150. A noise compatibility project in an FAA approved 14 CFR Part 150 Noise Compatibility Program (NCP). The Aviation Safety and Noise Abatement Act of 1979 (ASNA) directed the FAA to identify land uses that are normally compatible with various noise exposure levels. In response, the FAA adopted the 14 CFR Part 150, Airport Noise Compatibility Planning. The adoption of the regulation was published in the 46 Federal Register 8316 (January 26, 1981). 14 CFR Part 150 serves as the guidance for many of the AIP funded noise compatibility projects. 14 CFR Part 150, Appendix A includes Table 1 - Land Use Compatibility with Yearly Day-Night Average Sound Levels that defines compatible and noncompatible land uses and related structures.
(2) A Facility Used Primarily Medical or Educational Purposes. A noise compatibility project for an adversely affected facility used primarily medical or educational purposes (per 49 USC § 47504(c)(2)(D), regardless if the airport has a 14 CFR Part 150 program or not. Schools and hospitals are the most typical facilities that fall under this justification.
(3) In a Land Use Compatibility Plan. A noise compatibility project that is included in a land use compatibility plan prepared by a local jurisdiction surrounding a medium or large hub airport that either has not prepared a 14 CFR Part 150 program or does not have an updated 14 CFR Part 150 program. Per 49 USC § 47141(f), grants for projects approved under an FAA accepted compatible land use plan are only allowable until September 30, 2015. After this date, the ADO must check the current legislation to see if the sunset date was extended.
(4) In a Record of Decision. A noise mitigation project approved in an environmental record of decision for an airport development project.

R-3. Noncompatible Land Uses.

Table 1 of Appendix A in 14 CFR Part 150 contains the requirements for determining when various land uses are noncompatible with aircraft noise, and therefore potentially eligible for AIP funding.

R-4. Not all 14 CFR Part 150 Measures are Eligible.

Not all of the projects included in an approved 14 CFR Part 150 program are eligible for AIP funding. Examples of ineligible 14 CFR Part 150 NCP measures are listed in Appendix C.

R-5. Reduction Due to Aircraft Noise Associated with the Airport.

Noise insulation projects are designed to reduce interior noise in habitable rooms or classroom areas due to *aircraft* noise associated with the airport (as further discussed in the current version of Advisory Circular 150/500-9, Announcement of Availability Report No. DOT/FAA/PP/92-5, Guidelines for the Sound Insulation of Residences Exposed to Aircraft Operations).

R-6. Eligible Noise Contour Threshold (or the Use of a Lower Local Standards).

The primary measurement of noise impact is the cumulative yearly day-night average sound level (DNL), normally depicted as noise contours on a map. The noise contour is a graphical representation of the level of 24 hour average sound level in decibels for the period from midnight to midnight, obtained after the addition of ten decibels to sound levels for the periods between midnight to 7 a.m. and between 10 p.m. and midnight local time that is experienced by land uses surrounding the airport due to aircraft operations.

a. DNL 65 dB Noise Contour. The DNL 65 dB noise contour is the noise level at or above which certain land uses are not considered to be compatible (49 USC § 47502, as implemented by Table 1 of Appendix A in 14 CFR Part 150). The converse is also true – because DNL 65 dB is the federal threshold for considering certain land uses as compatible, noise-sensitive land uses located outside of the DNL 65 dB noise contour are not considered to be impacted by airport related noise. They are not eligible for mitigation funding unless a lower local standard is formally adopted.

b. Community Noise Exposure Level (CNEL). The FAA recognizes CNEL (community noise exposure level) as an alternative noise metric for California. For purposes of this Handbook the metric DNL and CNEL can be used interchangeably for projects in California.

c. Lower Local Standard. The FAA can consider a lower level of noise than the DNL 65 dB noise contour only if the jurisdictions with land use authority surrounding the airport and the sponsor have formally adopted a lower local standard (per a footnote to Table 1 of Appendix A in 14 CFR Part 150). The ADO can contact APP-400 for further information on determining whether locally adopted noise contours may be considered a local standard in the 14 CFR Part 150 study.

R-7. Required Validation of the Noise Exposure Maps.

Per 49 USC § 47503, the ADO must rely on only those noise exposure maps that reflect current or reasonably projected conditions. 49 USC § 47503(b) requires that sponsors update their NEMs if there is a substantial increase or significant decrease in the noise contour over noncompatible land uses. 14 CFR Part 150 defines a DNL 1.5 dB change or more as substantial. The exception is for noise compatibility projects in an environmental record of decision for an airport development project.

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In addition, if the Noise Exposure Maps that were accepted more than five years prior, sponsors must confirm in writing to the ADO that the noise exposure maps upon which noise compatibility projects are based continue to be a reasonable representation of current and/or forecast conditions at the airport. The ADO must verify whether or not the noise exposure map reflects the current or projected operational conditions at the airport and associated noncompatible land uses. The ADO must also place a copy of the sponsor confirmation and ADO verification in the project files. The ADO must not program noise compatibility projects using noise exposure maps that are more than five years old unless this process has been completed.

R-8. Interior Noise Level Requirements.

The 45 dB standard has been adopted by the FAA for interior noise. This is based on 46 Federal Register 8316 (January 26, 1981), which established the interim rule for 14 CFR Part 150 and included specific requirements regarding interior noise level. This was further clarified in 1992 by the Federal Interagency Committee on Noise (FICON) findings of 45 dB to be the interior noise level that will accommodate indoor conversations or sleep.

A noise-impacted noncompatible structure must be experiencing existing interior noise levels that are 45 dB or greater with the windows closed to be considered eligible. (For schools, the 45 dB measurement may be based on the number of hours of the school day.)

The calculation of interior noise level must be based on the average noise level of only the habitable rooms or parts of school that are used for educational instruction. Habitable areas of residences are living, sleeping, eating or cooking areas (single family and multifamily) per the current version of Advisory Circular 150/5000-9, Announcement of Availability Report No. DOT/FAA/PP/92-5, Guidelines for the Sound Insulation of Residences Exposed to Aircraft Operations. Bathrooms, closets, halls, vestibules, foyers, stairways, unfinished basements storage or utility spaces are not considered to be habitable. For schools, noise insulation is limited to classrooms, libraries, fixed seat auditoriums, and educator's offices.

Areas that are not allowed under local building code are not considered habitable. For example, a resident has converted part of a basement to a bedroom and the bedroom conversion does not meet the building code requirements to be categorized as a bedroom. The converted bedroom is not considered habitable space. For schools, areas that are used for incidental instruction, such as hallways, gymnasiums and cafeterias, are not eligible.

R-9. Block Rounding.

If sponsor proposes to expand noise mitigation just beyond the DNL 65 dB contour to include otherwise ineligible parcels contiguous to the project area (referred to as block rounding), the ADO has the option to approve this request if the requirements in Table R-2 are met.

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Table R-2. Block Rounding Requirements

Requirements include…
(1) DNL 65 dB Contour does not have a Reasonable End Point. The block rounding must be necessary to reach a reasonable end point for noise insulation projects.
(2) Sponsor Provides a Detailed List of Residences. The sponsor must provide the ADO the proposed end point information, including a complete list of the specific residences (by address) that are proposed for block rounding.
(3) Called Out on All Lists. On all other lists of residences, these residences must be noted as *included due to block rounding*.
(4) ADO Determination. The ADO must review and either approve or disapprove including the proposed block rounding residences at part of the associated noise mitigation program or environmental study. The ADO must document the determination and place a copy of the determination in the project file.
(5) Logical Breakpoint. In determining the reasonable end point for noise insulation projects, the ADO must ensure that the end point is a logical breakpoint (such as a neighborhood boundary, significant arterial surface street, highway, river, other physical or natural barrier or feature) or whether the end point extends unreasonably beyond a natural break. Neighborhood or street boundary lines may help determine what is a reasonable additional number of properties.
(6) Interior Noise Levels Qualify. Once a residence is approved for block rounding, its interior noise levels must meet the requirements in Paragraph R-7 in order for that particular residence to be eligible.
(7) Not Applicable for Lower Local Standards. Residences that lie outside of an eligible lower local standard below DNL 65 dB (per Paragraph R-6) are not eligible for block rounding.

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R-10. Neighborhood Equity.

A sponsor may consider the use of neighborhood equity when a few residences in the eligible noise contour threshold (per Paragraph R-6) that do not meet the interior noise level requirements are scattered among residences that do meet the interior noise level criteria. If sponsor proposes to use neighborhood equity provisions, the ADO has the option to approve this request if the requirements in Table R-3 are met.

Table R-3. Requirements for Neighborhood Equity

Requirements include…
(1) In Eligible Noise Contour Threshold. The residence must be in the eligible noise contour threshold (per Paragraph R-6).

Table R-3. Requirements for Neighborhood Equity

Requirements include…
(2) Separate Package. The sponsor must develop a separate neighborhood equity package limited to improvements such as caulking, weather stripping, installation of storm doors or ventilation packages. The ADO must not approve the use of the standard noise insulation package for neighborhood equity residences.
(3) Percent Participation Limit. Per FAA policy, the ADO must not approve neighborhood equity for more than10 percent of the residences in the neighborhood, (as logically bounded by either streets or other geographic delineation) or 20 residences in a phase of the noise insulation program, whichever is less. Note that the FAA has determined that PFC and airport revenue cannot be used to fund any residences beyond this limit.
(4) APP-1 Approval for Exceeding Percent Participation Limit. In extremely rare cases, ADO may determine that the program will benefit by providing noise equity packages to more than the 10 percent/no more than 20 residence limit. In this instance, the ADO must have received written APP-1 approval to exceed this limit.
(5) Sponsor Provides a Detailed List of Residences. The sponsor must provide the ADO with a complete list of the specific residences (by address) that are proposed for neighborhood equity.
(6) Sponsor Provides a Detailed List of Residences. The sponsor must provide the ADO with detailed information comparing the cost of the proposed neighborhood equity package with the cost of a standard noise insulation package.
(7) ADO Determination. The ADO must review and approve or disapprove the sponsor's proposed neighborhood equity package. In their determination, the ADO must ensure that the use of the minimal neighborhood equity packages on non-eligible residences is required to allow successful completion of the overall noise insulation program in the neighborhood, thus allowing these residences to be noise insulated within the guidelines of AIP eligibility. The ADO must document the determination and place a copy of the determination in the project file.

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R-11. Pre- and Post-Testing Criteria for Noise Insulation Projects.

In order for a structure to be funded with AIP grant funding, the sponsor must follow the sampling and testing criteria listed in Table R-4.

Table R-4. Pre- and Post-Testing Criteria for Noise Insulation Projects

For the following…	The requirement is…
a. Published Guidance	**(1)** In 1992, the FAA adopted guidance on testing frequency, sampling and other statistical measures that can be applied to a neighborhood to estimate the interior noise levels in the residences that are in the 65 dB contour. This information is compiled into the Acoustical Testing Plan. Long standing agency policy is that an airport sponsor must use the 1992 guidance to establish the existing interior noise levels to determine whether or not the building qualifies for sound insulation using AIP. The 1992 guidance is found in current version of Advisory Circular 150/5000-9, Announcement of Availability Report No. DOT/FAA/PP/92-5, Guidelines for the Sound Insulation of Residences Exposed to Aircraft Operations.
b. Sponsor Requirements for submitting Testing Protocol to the ADO	**(1)** The sponsor must submit the proposed testing phase protocol to the ADO. **(2)** The ADO has the option to review the sampling protocol. **(3)** After ADO review or after the ADO has indicated that the protocol will not be reviewed, the sponsor will then noise insulate the residences in the testing phase.
c. First Step – Initial Testing	**(1)** The first step of a noise insulation program is generally the initial testing phase. In this phase, the sponsor characterizes the neighborhood by characterizing the housing types and locations. The sponsor will also describe the acoustical issues, number of residences to be tested and describe the acoustical criteria and testing methodology. **(2)** Example: A sponsor is starting a sound insulation program in a community near the airport. The sponsor first conducts a windshield survey of the types of residences that are in the current phase. The windshield survey catalogs the types of residences in the neighborhood, notes similarities and differences in the age, construction type, size, number of levels, and types of housing (single family or multi-family). **(3)** Once the sponsor has characterized the diversity of the residences in the noise contour, it will select a representative sample of each type of residence for testing, which based on industry review is typically 10 to 30 percent. Testing in this case means that the sponsor develops a sound insulation package that the sponsor believes will reduce the interior noise level in the residence for each type of construction. **(4)** Therefore, in a neighborhood where the residences are made of either brick or wood siding, the sponsor will develop two different packages – one for the brick residences and one for the siding residences. **(5)** The sponsor will then measure the interior noise levels and prepares a summary report detailing the effectiveness of the design package, make recommendations for any changes to the package, lists the before and after interior noise level data, and submits the package to the ADO. **(6)** Reimbursement for initial and subsequent phase testing is limited to 10% of the residences of a particular type unless the sponsor has provided the justification for the request to the ADO and the ADO has approved the request. **(7)** The ADO must approve or disapprove a sponsor request for reimbursement

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Table R-4. Pre- and Post-Testing Criteria for Noise Insulation Projects

For the following…	The requirement is…
	for testing more than 10%, but not more than 30%, of the residences of a particular construction type. The ADO may request APP-400 assistance in evaluating sponsor requests. A copy of the sponsor's written request and the ADO approval or disapproval must be kept in the project file. **(8)** For requests for reimbursement for more than 30% of the residences of a particular type, the ADO must have received APP-400 approval. The request to APP-400 from the ADO must contain unless the sponsor's justification for the request, and the ADO's recommendation for approval or disapproval.
d. Second Step - ADO and Sponsor Review of Initial Testing Results	**(1)** The sponsor must review the results to determine if additional residences should be tested. **(2)** The ADO has the option to review and approve or disapprove all sponsor revisions to the sampling program.
e. Special Circumstance – Resident Requests Specific Testing	**(1)** Occasionally a resident may request that their residence be tested specifically. This may be because of the condition of the home, or because the resident believes that their residence will test differently than others. These additional tests are generally allowable. However if an additional residence is tested, it must be tested both before and after any noise insulation work to ensure the 5 dB NLR is achieved.
f. Final Step – Completing the Testing Phase	**(1)** After the completion of the testing phase, the sound insulation program will begin for the neighborhood. In these later phases, the sponsor is still expected to test from 10 to 30 percent of each different category of residences in the phase to revalidate the design assumptions. The results of the revalidation testing must be submitted by the sponsor to the ADO. The ADO has the option to review these test reports.

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R-12. Conditions for Posting Planning Documents on the Internet.

If the sponsor, or a sponsor's agent such as a consultant, posts an AIP funded planning document on the internet, it is FAA policy that the public must not be required to register to view or download the document (even if the document is posted elsewhere without registration requirements). This is because the collection of personal data may be construed by the public as a surveillance tool for the airport, which may intimidate members of the public, dissuading them from reviewing the document. In addition 5 USC § 552a, The Privacy Act of 1974, prohibits the unnecessary collection of private data by federal agencies.

R-13. Disposal of Excess/Unneeded AIP Funded Noise Land (and ADO/Sponsor Tracking).

The requirements for the disposal of excess or unneeded AIP funded noise land are contained in Paragraph 5-66.

R-14. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table R-5. Noise Compatibility Planning/Project Work Codes

If the noise mitigation planning and implementation project is defined by where it is in the DNL, and is…	Use the following work codes…
…outside the 65 DNL.	XX XX 60
...within the 65 – 69 DNL.	XX XX 65
…within the 70 – 74 DNL.	XX XX 70
…within the 75 DNL.	XX XX 75

Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Conduct Noise Compatibility Program Study *(14 CFR Part 150 Study)*	**(1)** The study must comply with the requirements of 14 CFR Part 150.	An FAA approved noise compatibility program study and FAA accepted noise exposure maps.	EN PL NO
b. Conduct Noise Compatibility Plan Study *(Stand-Alone Noise Exposure Map Update)*	**(1)** The noise exposure map (NEM) update must comply with the requirements of 14 CFR § 150.21(d). **(2)** Per 14 CFR § 150.21(a)(1), the noise exposure levels must be based on forecast aircraft operations at the airport for a forecast period that is at least 5 years in the future beginning at the date of sponsor submission. **(3)** The sponsor must submit the updated noise exposure map to the ADO for FAA review. **(4)** The FAA must complete the required notice and comment in the	New FAA accepted noise exposure maps.	EN PL NO

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	Federal Register (this is a requirement in 49 CFR § 150.21(c)) **(5)** The sponsor must evaluate the impact of the updated NEMs against the existing noise compatibility program (NCP). Note: This is not a *complete* update of the Record of Approval and NCP - rather this is an evaluation of whether the work items in the NCP are still valid. **(6)** The sponsor must submit the results of the evaluation to the ADO. The ADO must include the sponsor's evaluation in the grant file. **(7)** If, in the opinion of the FAA, the changes in the NCP impact are extensive, the FAA has the option to require an update to the NCP.		
c. Conduct Noise Compatibility Plan Study *(Compatible Land Use Plan by State and Local Governments per 49 USC § 47141)*	**(1)** The compatible land use planning is in an area around a large or medium hub airport. **(2)** The airport has not submitted an airport noise compatibility program to the FAA under 14 CFR Part 150, or has not updated its approved noise compatibility program within the preceding 10 years. **(3)** The state or local government sponsor and airport have entered into a written agreement to prepare the compatible land use plan cooperatively (prior to the grant being issued). **(4)** The state or local government sponsor must maintain compatible land use measures listed in the completed plan. **(5)** The land use plan will be reasonably consistent with the goal of reducing existing non-compatible land uses and preventing the introduction of additional non-	An FAA accepted (and airport approved) compatible land use plan with a capital improvement plan containing the plan measures.	EN PL NO

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	compatible land uses per 14 CFR Part 150. **(6)** The land use plan will only include measures that are within the authority of the state or local government sponsor to implement. Measures such as studying or implementing aircraft operational procedures, airport layout changes, and airport noise and access restrictions must not be included because the state or local government sponsor has no authority to carry out these measures. **(7)** The airport must provide the state or local government sponsor with valid airport noise exposure maps and all noise abatement measures adopted by the airport. The airport must certify to the state or local government sponsor and the FAA that the noise exposure maps are representative of the current conditions at the airport. The state or local government sponsor must use this information when developing the land use plan. **(8)** The land use plan must not duplicate and must be consistent with all of the airport's noise compatibility measures for the same area. **(9)** The state or local government sponsor must include evidence of public involvement in the land use plan. **(10)** The state or local government sponsor must make provisions to implement those elements of the plan that are ineligible for federal financial assistance. **(11)** Per 49 USC § 47141(f), these types of grants are only allowable until September 30, 2015. After this date, the ADO must check the		

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	current legislation to see if the sunset date was extended.		
d. Noise Mitigation *(Required by an Environmental Record of Decision)*	**(1)** Noise mitigation projects approved in an environmental record of decision for an AIP eligible project is and allowable cost (or phase) of the AIP eligible project.	A noise mitigation measure that meets the requirements of the record of decision.	The work code of the associated AIP eligible project must be used
e. Acquire Land for Noise Compatibility *(To Change Land Use)*	**(1)** The project must be included in an FAA approved 14 CFR Part 150 program or an FAA accepted compatible land use plan. **(2)** The land must be included on Noise Land Inventory Map and the Noise Land Reuse Plan. APP-400 maintains current guidance on noise land inventory and reuse plans. **(3)** Per 49 USC § 47141(f), grants for projects approved under an FAA accepted compatible land use plan are only allowable until September 30, 2015. After this date, the ADO must check the current legislation to see if the sunset date was extended. **(4)** The project must be within the DNL 65 dB noise contour unless a lower local standard has been formally adopted. **(5)** The sponsor must include the land on a Noise Land Inventory Map and a Noise Land Reuse Plan. APP-400 maintains current guidance on noise land inventory and reuse plans. **(6)** The project may include residential relocation. **(7)** The sponsor must provide the ADO with the number of people that have benefited. **(8)** The acquisition must meet the	Sponsor owned land with good title that will allow the sponsor to clear the noncompatible land use.	EN LA 60 EN LA 65 EN LA 70 EN LA 75 See Table R-5 for correct work code

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	requirements of 49 CFR Part 24, the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects. **(9)** The sponsor must certify that the requirements of 49 CFR Part 24 are being met. **(10)** The acquisition must meet all other applicable requirements in Appendix Q.		
f. Acquire Easement for Noise Compatibility *(No Change in Land Use)*	**(1)** The project must be included in an FAA approved 14 CFR Part 150 program or an FAA accepted compatible land use plan. **(2)** Per 49 USC § 47141(f), grants for projects approved under an FAA accepted compatible land use plan are only allowable until September 30, 2015. After this date, the ADO must check the current legislation to see if the sunset date was extended. **(3)** The project must be within the DNL 65 dB noise contour unless a lower local standard has been formally adopted. **(4)** An easement may be conveyed by the property owner in exchange for the sound insulation improvements provided. However, an AIP grant may not include a requirement that a property owner convey an easement (or other interest in the property) to the sponsor in exchange for sound insulation. The FAA encourages sponsors to work out such voluntary property agreements locally, exclusive of FAA grant stipulations. **(5)** The acquisition must meet the	A sponsor owned easement with good title.	EN LA 60 EN LA 65 EN LA 70 EN LA 75 See Table R-5 for correct work code

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	requirements of 49 CFR Part 24, the current version of FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Projects, and in the current version of Advisory Circular 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program Assisted Projects. **(6)** The sponsor must certify that the requirements of 49 CFR Part 24 are being met. **(7)** The acquisition must meet all other applicable requirements in Appendix Q.		
g. Noise Mitigation Measures for Residences	**(1)** The project must be included in an FAA approved 14 CFR Part 150 program or an FAA accepted compatible land use plan. **(2)** Per 49 USC § 47141(f), grants for projects approved under an FAA accepted compatible land use plan are only allowable until September 30, 2015. After this date, the ADO must check the current legislation to see if the sunset date was extended. **(3)** The project must meet the two-stage eligibility test. First the property must be in an eligible noise contour threshold (per Paragraph R-6) and second, the property must meet the interior noise level requirement (per Paragraph R-8). **(4)** The sound insulation package must provide a reduction of at least 5 dB and bring the average interior noise level below 45 dB. If for any reason the sponsor believes that the 5 dB reduction cannot be achieved, the sponsor must provide a written request to the ADO. The ADO must receive APP-1 concurrence to proceed with the	A residence that has been mitigated to 14 CFR Part 150 requirements.	EN HO 60 EN HO 65 EN HO 70 EN HO 75 See Table R-5 for correct work code.

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	work. APP-1 concurrence will generally be limited to ventilation packages, cases of neighborhood equity or for older or poorly maintained residences where the 5 dB reduction may be difficult to achieve. **(5)** The sponsor must follow the sampling and testing criteria listed in Paragraph R-11. **(6)** The following measures are allowable: window and door replacement, caulking, weather-stripping, and installing central air ventilation so that the windows can be kept closed if the structure does not already have a central air ventilation system. The use of other measures is not allowable unless the ADO has approved the use of the measures in advance. In this case, the ADO must keep a copy of the sponsor's request for use of other measures and a copy of the ADO approval of the request in the project files. Therefore, project eligibility is limited to these measures, unless otherwise approved by APP-400 and APP-500. **(7)** The structure must have been built prior to October 1, 1998 unless the sponsor has demonstrated to the ADO that no published noise contours existed at that time. New noncompatible land uses created by subsequent airport development may also be eligible for funding consideration. The October 1, 1998 date is based on the FAA Final Policy on Part 150 Approval of Noise Mitigation Measures: Effect on the Use of Federal Grants for Noise Mitigation Projects, 63 Federal Register 16409 (April 3, 1998). **(8)** An easement may be conveyed by		

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	the property owner in exchange for the sound insulation improvements provided. However, an AIP grant may not include a requirement that a property owner convey an easement (or other interest in the property) to the sponsor in exchange for sound insulation. The FAA encourages sponsors to work out such voluntary property agreements locally, exclusive of FAA grant stipulations. **(9)** Both single and multi-family residences, including apartment buildings, are eligible. **(10)** The sponsor must provide the ADO with the number and address of homes mitigated and the number of people that have benefited. **(11)** Additional guidance is provided in the current version of Advisory Circular 150/5000-9, Guidelines for Sound Insulation of Residences. **(12)** Permanent Modular Buildings. Some modular structures may be classified as permanent if they meet construction guidelines applied to permanent structures.		
h. Noise Mitigation Measures for Public Buildings *(Limited to medical or educational purposes)*	**(1)** The project must meet the two-stage eligibility test. First the property must be in an eligible noise contour threshold (per Paragraph R-6) and second, the property must meet the interior noise level requirement (per Paragraph R-8). **(2)** The sound insulation package must provide a reduction of at least 5 dB and bring the average interior noise level below 45 dB. Depending on the pre-insulation noise measurements, the 5 dB reduction may result in an interior noise level that is less than 45 dB. If for any reason the sponsor believes that	A public building that has been mitigated to 14 CFR Part 150 requirements.	EN PB 60 EN PB 65 EN PB 70 EN PB 75 See Table R-5 for correct work code

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	the 5 dB reduction cannot be achieved, the sponsor must provide a written request to the ADO. The ADO must receive APP-1 concurrence to proceed with the work. APP-1 concurrence will generally be limited to ventilation packages and cases of neighborhood equity or for older or poorly maintained residences where the 5 dB reduction may be difficult to achieve. **(3)** The sponsor must follow the sampling and testing criteria listed in Paragraph R-11. **(4)** The following measures are allowable: window and door replacement, caulking, weather-stripping, and installing central air ventilation so that the windows can be kept closed if the structure does not already have a central air ventilation system. The use of other measures is not allowable unless the ADO has approved the use of the measures in advance. In this case, the ADO must keep a copy of the sponsor's request for use of other measures and a copy of the ADO approval of the request in the project files. Therefore, project eligibility is limited to these measures, unless otherwise approved by APP-400 and APP-500. **(5)** For schools, only the actual educational areas are eligible. This normally only includes classrooms, libraries, fixed seat auditoriums, and school educator's offices. The ADO must contact APP-400 for guidance on eligibility for facilities or areas beyond those specifically listed here. Appendix C includes some areas that have previously been determined to be ineligible. **(6)** The structure must have been built		

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	prior to October 1, 1998 unless the sponsor has demonstrated to the ADO that no published noise contours existed at that time. New noncompatible land uses created by subsequent airport development may also be eligible for funding consideration. The October 1, 1998 date is based on the FAA Final Policy on Part 150 Approval of Noise Mitigation Measures: Effect on the Use of Federal Grants for Noise Mitigation Projects, 63 Federal Register 16409 (April 3, 1998). **(7)** Permanent Modular Buildings. Some modular structures may be classified as permanent if they meet construction guidelines applied to permanent structures. **(8)** The sponsor must certify to the ADO that the engineering plans and specifications for the noise insulation project conform to the local building code. **(9)** Only the costs related to the noise insulation improvements are included in the project. If it is determined in the course of designing a noise insulation project that a building needs improvements in order to conform to local building codes, only the costs of the noise insulation are allowable. **(10)** An easement may be conveyed by the property owner in exchange for the sound insulation improvements provided. However, an AIP grant may not include a requirement that a property owner convey an easement (or other interest in the property) to the sponsor in exchange for sound insulation. The FAA encourages sponsors to work out such voluntary property agreements locally, exclusive of		

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	FAA grant stipulations. **(11)** The sponsor must provide the ADO with the number of students benefitting.		

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
i. Install Noise Monitoring System/Equipment *(**Portable** Noise Monitoring System and Equipment*	**(1)** The project must be included in an FAA approved 14 CFR Part 150 Noise Compatibility Program or an FAA accepted compatible land use plan. **(2)** Per 49 USC § 47141(f), grants for projects approved under an FAA accepted compatible land use plan are only allowable until September 30, 2015. After this date, the ADO must check the current legislation to see if the sunset date was extended. **(3)** Non-airport sponsors are only eligible for portable noise monitoring equipment when used in connection with noise insulation projects managed by that non-airport sponsors. **(4)** In cases where more than one sponsor is expected to engage in noise insulation programs, the airport sponsor is encouraged to acquire the equipment and make it available to other local agencies as needed. **(5)** The system can be replaced every 10 years (the useful life). **(6)** Portable noise monitors must be used for carrying out/certifying approved noise mitigation measures. This typically includes periodic short-term noise monitoring of aircraft operations at the airport for the purposes of reporting the results as described in an approved 14 CFR Part 150 program management measure. **(7)** The sponsor must provide the ADO copies of noise monitoring data on request.	A completely operational portable noise monitoring system that meets the requirements of 14 CFR Part 150.	EN OT NO

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
j. Install Noise Monitoring System/Equipment *(**Fixed** Noise Monitoring System and Equipment)*	**(1)** The project must be included in an FAA approved 14 CFR Part 150 program or an FAA accepted compatible land use plan. **(2)** Per 49 USC § 47141(f), grants for projects approved under an FAA accepted compatible land use plan are only allowable until September 30, 2015. After this date, the ADO must check the current legislation to see if the sunset date was extended. **(3)** Systems are limited to circumstances where sponsors can clearly show that portable monitors are not feasible. **(4)** Placement of fixed noise monitoring equipment is eligible only within the DNL 65 dB noise contour at the time of installation. **(5)** Only the federal share of the least costly system that will satisfy the purposes used to justify the project is eligible. **(6)** The system can be replaced every 10 years (the useful life). **(7)** Monitoring results must be in accordance with the approved 14 CFR Part 150 program or compatible land use program measure. **(8)** The sponsor must provide the ADO copies of noise monitoring data on request.	A completely operational fixed noise monitoring system that provides regular reporting of noise events.	EN OT NO

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
k. Noise Mitigation Measures *(On-Airport Noise Barriers)*	**(1)** The project must be approved in a 14 CFR Part 150 program. **(2)** Noise barriers, earth berms, wall structures, hush houses, ground run-up enclosures and other devices designed to shield land uses that are noncompatible with aircraft noise are eligible. **(3)** The on-airport noise barrier must be public-use (not exclusive use by any specific aircraft operator). **(4)** The project must reduce noise to a land use noncompatible with aircraft noise by at least 5 dB. **(5)** The project must not impact wingtip clearances or air traffic control tower line of sight.	A fully functional noise reduction structure that meets the requirements of 14 CFR Part 150.	EN OT MS
l. Noise Mitigation Measures *(Runway and Taxiway Construction)*	**(6)** These are rare, so the ADO must contact APP-400 for guidance to ensure that all of the necessary requirements are being met. **(1)** The project must be approved in a 14 CFR Part 150 program. **(2)** A runways or taxiway project (including land acquisition, lighting, marking, and/or NAVAIDs) is eligible *as a noise mitigation measure* if it can be shown that the *principal* purpose and benefit of the project is for noise relief. If the noise relief is a secondary benefit, the FAA will not approve the project as a noise mitigation measure, and the project must meet the normal eligibility requirements for a runway or taxiway project. **(3)** Lighting and NAVAIDs for noise must be used for the purpose of directing pilots to follow noise abatement flight paths and must be associated with a noise abatement runway.	An airfield or NAVAID installation that meets FAA design standards.	EN OT MS

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Table R-6. Noise Compatibility Planning/Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
m. Conduct Environmental Study for Flight Procedures Approved in a 14 CFR Part 150 Study	**(1)** The requirements for environmental studies for flight procedure approvals are provided in Appendix S.	N/A	N/A

*The official list of work codes can be obtained from the automated AIP system.

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Appendix S. Environmental Planning/Mitigation Projects

S-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

S-2. Conditions for Posting Planning Documents on the Internet.

If the sponsor, or a sponsor's agent such as a consultant, posts an AIP funded planning document on the internet, it is FAA policy that the public must not be required to register to view or download the document (even if the document is posted elsewhere without registration requirements). This is because the collection of personal data may be construed by the public as a surveillance tool for the airport, which may intimidate members of the public, dissuading them from reviewing the document. In addition 5 USC § 552a, The Privacy Act of 1974, prohibits the unnecessary collection of private data by federal agencies.

S-3. Project Requirements Tables.

In addition to the information provided in the above paragraphs and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

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Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. Conduct Environmental Study	**(1)** The project must follow the requirements of the current version of FAA Order 5050.4, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Projects. **(2)** For environmental studies or assessments that are associated with a specific AIP project, the work code for the AIP project must be used. **(3)** This work code is used for a study that analyzes a specific environmental condition at an airport. An example is an emissions analysis necessary to comply with the Clean Air Act (42 USC § 7401).	A completed environmental study that has been approved by the FAA.	EN PL MA

Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(4) This work code is also used for an environmental assessment for the development that is in the airport's capital improvement plan in the next five-years. **(5)** Per FAA policy, environmental assessments and environmental impact statements are considered to be "planning as defined by regulations the Secretary prescribes" per 49 USC § 47102(5)(C). This allows the ADO to issue a stand-alone grant for an environmental study.		
b. Conduct Environmental Study for Flight Procedures Approved in a 14 CFR Part 150 Study	**(1)** Per 49 USC § 47504(e)(1), the project must be for the FAA to complete an environmental review for flight procedures that have been approved by the FAA in a noise compatibility plan study (14 CFR Part 150 study). **(2)** Until specific guidance is published by APP-400, ADOs must contact APP-400 to determine the correct procedures for conducting these studies.	A completed environmental study that has been approved by the FAA.	EN PL NO

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Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
c. Conduct/Update Miscellaneous Study *(Environmental Management System)*	**(1)** 49 USC § 47102(5)(B), makes development of an environmental management system (EMS) eligible as airport planning. **(2)** The airport must be a medium or large hub airport. **(3)** The EMS must be designed based on the requirements in the current version of Advisory Circular 150/5050-8, Environmental Management Systems for Airport Sponsors. **(4)** Only the initial development of the environmental management program (not keeping the document current) is eligible. **(5)** Per FAA policy, the sponsor must provide a written certification to the ADO at the end of the project that the EMS is compliant with the current version of Advisory Circular 150/5050-8, Environmental Management Systems for Airport Sponsors.	A completed environmental management system document.	PL PL MS
d. Conduct/Update Miscellaneous Study *(Conduct Drainage Study)*	**(1)** 49 USC § 47102, makes construction, reconstruction, repair or purchasing capital equipment for meeting 33 USC § 1251, Federal Water Pollution Control Act eligible. A drainage study may be required to determine the means of complying with this Act.	A completed drainage study that is acceptable to the ADO.	PL PL MS
e. Conduct Airport Energy Efficiency Assessment	**(1)** Per 49 USC § 47140a(a), the project must assess the airport's energy requirements, including heating and cooling, base load, back-up power, and power for on-road airport vehicles and ground support equipment, for the purpose of identifying opportunities to increase energy efficiency at the airport.	A completed airport energy efficiency study that is acceptable to the ADO.	EN PL ES

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Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	(2) As of the publication date of this Handbook, APP-400 was developing guidance for airport energy efficiency assessments. Until this new guidance is published, ADOs must contact APP-400 for guidance. **(3)** The ADO must coordinate all proposed projects with APP-400 and receive their approval for the project prior to programming the grant. **(4)** It is FAA policy that airport energy efficiency studies are airport planning and are eligible for stand-alone grants. **(5)** Additional guidance and requirements for this program are contained in Section 7 of Chapter 6.		
f. Implement Energy Efficiency Project	**(1)** As of the publication date of this Handbook, APP-400 was developing guidance for projects to increase the energy efficiency of airport power sources. Until this new guidance is published, ADOs must contact APP-400 for project information prior to programming the grant. **(2)** Additional guidance and requirements for this program are contained in Section 7 of Chapter 6.	To be issued in APP-400 guidance.	To be issued in APP-400 guidance.

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Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
g. Sustainable Master Plan *(Note that* Identify the Airports Environmental Footprint *was only for the pilot program and is no longer in use)*	**(1)** The FAA has determined that this is airport planning under 49 USC § 47102(5) and is no longer a pilot program as of fiscal year 2012. **(2)** Until told otherwise by APP, the ADO must obtain approval of the scope from APP-400 prior to programming these types of projects. **(3)** The project must follow all requirements provided by APP-400.	A completed study that the ADO has officially accepted.	EN PL ES
h. Construct Deicing Containment Facility	**(1)** 49 USC § 47102 makes construction, reconstruction, repair or purchasing capital equipment for meeting 33 USC 1251, Federal Water Pollution Control Act eligible. **(2)** The facility must be for public-use, must be for aeronautical purposes, and must not serve revenue producing areas. **(3)** ACRP Report 14, Deicing Planning Guidelines and Practices for Stormwater Management Systems, is a useful reference.	A fully functional deicing containment facility that meets FAA standards.	EN OT DI
i. Environmental Mitigation *(Purchase Glycol Recovery Truck)*	**(1)** This is also referred to as a glycol vacuum. **(2)** 49 USC § 47102(3)(F) and (G) makes construction, reconstruction, repair or purchasing capital equipment for meeting 33 USC § 1251, Federal Water Pollution Control Act eligible. **(3)** The airport must own and operate the truck.	A fully functional glycol recovery truck that meets FAA standards.	EN OT MT

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Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
j. Environmental Mitigation *(Required by an Environmental Record of Decision)*	**(1)** Environmental mitigation projects (such as wetland mitigation) approved in an environmental record of decision for an AIP eligible project is and allowable cost (or phase) of the AIP eligible project.	An environmental mitigation measure that meets the requirements of the record of decision.	The work code of the associated AIP eligible project must be used
k. Voluntary Airport Low Emissions (VALE) Infrastructure	**(1)** The ADO must coordinate all proposed projects with APP-400 and receive their approval for the project prior to programming the grant. **(2)** A large volume of guidance on this subject is available at the Airports Organization website. **(3)** Terminal gate air conditioning, heating and electric power is eligible as terminal development outside of the VALE program and does not require the airport to be in a nonattainment or maintenance area per 49 USC § 47102(3)(O). If the work is not approved under VALE, the ADO must code this work as terminal development and follow the terminal development requirements in Appendix N.	A fully functional VALE infrastructure.	EN EQ MS
l. VALE Vehicle	**(1)** The ADO must coordinate all proposed projects with APP-400 and receive their approval for the project prior to programming the grant. **(2)** A large volume of guidance on this subject is available at the Airports Organization website.	A fully functional VALE vehicle.	EN EQ MS

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Table S-1. Environmental Planning/Mitigation Project Requirements

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
m. Zero Emissions Infrastructure (Pilot Program FY 2012-2015 ONLY)	**(1)** The ADO must coordinate all proposed projects with APP-400 and receive their approval for the project prior to programming the grant. **(2)** As of the publication date of this Handbook, APP-400 was developing guidance for zero emissions infrastructure. Until this new guidance is published, ADOs must contact APP-400 for project information.	A fully functional zero emissions infrastructure.	EN EQ ZE
n. Zero Emissions Vehicle (Pilot Program FY 2012-2015 ONLY)	**(1)** The ADO must coordinate all proposed projects with APP-400 and receive their approval for the project prior to programming the grant. **(2)** As of the publication date of this Handbook, APP-400 was developing guidance for zero emission airport vehicles. Until this new guidance is published, ADOs must contact APP-400 for project information.	A fully functional zero emissions vehicle.	EN EQ ZE

*The official list of work codes can be obtained from the automated AIP system.

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Appendix T. Military Airport Program Projects

T-1. How to Use This Appendix.

This appendix is not a valid stand-alone document for making eligibility and justification determinations. The information in this appendix must be used in conjunction with the Handbook, especially the project cost requirements in Chapter 3.

T-2. Project Requirements Tables.

In addition to the information provided in the above paragraph and the following tables, Appendix C contains examples of prohibited projects and costs and is very useful to use alongside this appendix.

Table T-1. Distinctions between Construct, Expand, Modify, Improve, and Rehabilitate

Use the following description…	If the project will…
a. Construct	Build a brand new building.
b. Expand	Add on to an existing building.
c. Modify	Change a building.
d. Improve	Provide a distinct new feature to a building.
e. Rehabilitate	Extend the useful life of a building by completing major renovation or major replacement of parts of the building.

Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
a. All regularly eligible AIP projects	**(1)** Unless otherwise specified in this table, all of the justification and eligibility factors that would normally be associated with the project, airport, and sponsor apply. **(2)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed. **(3)** The project must aid in the conversion of a military or former	Same as for the regularly eligible AIP project.	Same as for the regularly eligible AIP project.

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Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	military facility to civilian use. **(4)** Per 49 USC § 47118(e), total MAP funding may not exceed $7 million per year per airport for terminal projects. Per 49 USC § 47118(f), total MAP funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less. **(5)** Per 49 USC § 47118(e), terminal gate projects must not be leased for more than 10 years and must not be subject to a majority in interest clause. **(6)** Per APP-500 policy, the project justification must only be based on civilian operations. **(7)** The sponsor must have good title to the land on which the project sits as discussed in Table 6-13.		
b. Miscellaneous Building (Construct, Expand, Modify, Improve, or Rehabilitate) *(Hangar)*	**(1)** The normal AIP restrictions for hangars do not apply (such as the requirement to meet airside needs, the restriction on discretionary, the restriction by funding type, and the restriction by airport type). **(2)** Except as noted above, all of the justification and eligibility factors that would normally be associated with the project, airport, and sponsor apply. **(3)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed. **(4)** The project must aid in the conversion of a military or former military facility to civilian use. **(5)** Per 49 USC § 47118(f), total MAP	A fully functional aircraft hangar.	ST BD MS

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Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less. **(6)** Per APP-500 policy, the project justification must only be based on civilian operations. **(7)** The sponsor must have good title to the land on which the project sits as discussed in Table 6-13.		
c. Miscellaneous Building (Construct, Expand, Modify, Improve, or Rehabilitate) *(Cargo Building)*	**(1)** The cargo building must not be exclusive use (see Appendix A for a definition and references on exclusive use). **(2)** The facility must be 50,000 square feet or less. **(3)** Except as noted above, all of the justification and eligibility factors that would normally be associated with the project, airport, and sponsor apply. **(4)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed. **(5)** The project must aid in the conversion of a military or former military facility to civilian use. **(6)** Per 49 USC § 47118(f), total MAP funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less. **(7)** Per APP-500 policy, the project justification must only be based on	A fully functional cargo building.	ST BD MS

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Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	civilian operations. **(8)** The sponsor must have good title to the land on which the project sits as discussed in Table 6-13.		
d. Construct Utilities	**(1)** Eligible costs include utility upgrades necessary to meet code requirements, to support the civilian function of a MAP airport, or to allow utilities serving the civilian portion of the base to be separated from the military portion. **(2)** Except as noted above, all of the justification and eligibility factors that would normally be associated with the project, airport, and sponsor apply. **(3)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed. **(4)** The project must aid in the conversion of a military or former military facility to civilian use. **(5)** Per 49 USC § 47118(e), total MAP funding may not exceed $7 million per year per airport for terminal projects. Per 49 USC § 47118(f), total MAP funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less. **(6)** Per APP-500 policy, the project justification must only be based on civilian operations. **(7)** The sponsor must have good title to the land on which the project sits as discussed in Table 6-13.	A fully functional utility system.	OT OT FF

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Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
e. Parking Lot (Construct or Rehabilitate)	**(1)** The parking lot must be a surface parking lot. **(2)** The other normal AIP restrictions for parking lots do not apply (such as the restriction by airport type and the restriction against revenue production). **(3)** Except as noted above, all of the justification and eligibility factors that would normally be associated with the project, airport, and sponsor apply. **(4)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed. **(5)** The project must aid in the conversion of a military or former military facility to civilian use. **(6)** Per 49 USC § 47118(f), total MAP funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less. **(7)** Per APP-500 policy, the project justification must only be based on civilian operations. **(8)** The sponsor must have good title to the land on which the project sits as discussed in Table 6-13.	A fully functional parking lot.	OT OT PA
f. Fuel Farms (Construct, Repair, or Improve)	**(1)** The normal AIP restrictions for fuel farms do not apply (such as the restriction by airport type and the restriction against revenue production). **(2)** Except as noted above, all of the justification and eligibility factors that would normally be associated with the project, airport, and	A fully functional fuel farm.	OT OT FF

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Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	sponsor apply. **(3)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed. **(4)** The project must aid in the conversion of a military or former military facility to civilian use. **(5)** Per 49 USC § 47118(f), total MAP funding may not exceed $7 million per year per airport for construction, improvement, or repair of airport surface parking lots, fuel farms, utilities, hangars and air cargo terminal building facilities that are 50,000 square feet or less. **(6)** Per APP-500 policy, the project justification must only be based on civilian operations. **(7)** The sponsor must have good title to the land on which the project sits as discussed in Table 6-13. **(8)** The facility must meet the requirements of 40 CFR § 112.8, Spill Prevention, Control, and Countermeasure Plan Requirements for On-Shore Facilities (excluding production facilities).		
g. Operational and Maintenance Expenses (per 49 USC § 47117(e)(1)(B))	**(1)** The airport cannot be a commercial service airport. **(2)** The ADO must restrict the grant amount for this type of work to $30,000 in any fiscal year. **(3)** The FAA must have determined that the airport is adversely affected by the base closure or realignment. **(4)** The sponsor of the airport must certify to the ADO that the airport would otherwise close if the airport	An airport that remains open.	The ADO must contact APP-520 for the correct work code.

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Table T-2. Military Airport Program Project Requirements (for typical projects)

What Can Be Done If Justified	Factors to Consider For Justification and Eligibility	Required Usable Unit of Work and Required Outcome	Work Code*
	does not receive the grant. **(5)** The FAA must have officially approved the airport and project for MAP funding before the grant is programmed.		
h. A project to preserve or enhance minimum airfield infrastructure under 49 USC § 47118(h) *(Safety Critical Airports)*	**(1)** APP-1 must have designated the airport as a safety critical airport. **(2)** The APP-500 must have officially approved the project for MAP funding before the grant is programmed. **(3)** The normal AIP restrictions for these projects do not apply. **(4)** The airport is federally owned. **(5)** The project is necessary to meet the minimum safety and emergency operational requirements established under 14 CFR Part 139. **(6)** The project is necessary to support emergency diversionary operations for transoceanic flights in locations that meet the following criteria: **(a)** Locations within United States jurisdiction or control. **(b)** Locations where there is a demonstrable lack of diversionary airports within the distance or flight-time required by regulations governing transoceanic flights.	A completed project that meets 49 USC § 47118(h).	Same as for the regularly eligible AIP project.

*The official list of work codes can be obtained from the automated AIP system.

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Appendix U. Sponsor Procurement Requirements (Including 49 CFR § 18.36)

U-1. Appendix Layout.

Paragraph U-6 contains the entire 49 CFR § 18.36 with clarifications.

The remaining Paragraphs in this Appendix contain additional sponsor contracting and miscellaneous procurement issues not directly addressed in 49 CFR § 18.36.

Section 10 of Chapter 3 contains ADO procurement responsibilities.

U-2. Sponsor Force Account Costs.

Procurement is obtaining services from commercial sources, therefore, sponsor force account work does not fall under the procurement rules of 49 CFR § 18.36. The rules for sponsor force account work are contained in Paragraph 3-49.

U-3. Sponsor Furnished Material or Supplies.

If a sponsor wishes to provide materials or supplies within an AIP funded project, the sponsor must obtain prior written approval from the ADO. The sponsor must provide a written statement to the ADO indicating whether the material or supplies have been procured per 49 CFR § 18.36 and/or meet all applicable federal contract provisions, which can be found on the FAA Office of Airports website (see Appendix B for link). The ADO also has the option to request that the sponsor submit additional documentation to support this statement.

The requirements for the ADO to concur with the use of sponsor furnished materials or supplies are contained in Paragraph 3-52.

U-4. Buy American Requirements.

The Buy American Preferences under 49 USC § 50101 require that all steel and manufactured goods used in AIP funded projects are produced in the United States. Detailed sponsor and ADO requirements are included in Appendix Y.

U-5. Suspension or Debarment of Persons or Companies.

Table U-1contains the requirements sponsors must follow regarding persons or companies that have been excluded from working on AIP funded projects.

Additional information on suspension and debarment is available on the FHWA Construction Program Guide/Suspension and Debarment and the current version of DOT Order 4200.5, DOT Suspension and Debarment Procedures and Ineligibility.

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Table U-1. Sponsor Requirements Regarding Suspension or Debarment

For the following …	The ADO requirements include…
a. The sponsor is awarding a contract.	2 CFR Part 180, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) prohibits a sponsor from entering into a new contract with an person or company that is suspended or debarred. A sponsor must check the System for Award Management (SAM) website (see Appendix B for link) for every procurement to ensure that no suspended or debarred firms or individuals bid on, or are part of an AIP contract.
b. A person or company currently working on an AIP project is suspended or debarred.	If the federal government suspends or debars a person or company while the person or company is working on an AIP funded project, the sponsor must follow the procedures in 2 CFR Part 180 (Subpart C) and 2 CFR Part 1200, Nonprocurement Suspension and Debarment.
c. It appears that a person or company might need to be suspended or debarred.	If the sponsor becomes aware of this situation, the sponsor must pursue their own contractual remedies and has the option to contact the ADO with this information.

U-6. Why the Entire Regulation 49 CFR § 18.36 is Included in This Appendix.

49 CFR § 18.36 is a critical companion document to the Handbook, and sponsors and ADOs should refer to its contents frequently. Therefore, this regulation has been included below in its entirety. In addition, clarifications have been added under the sections as appropriate.

U-7. 49 CFR § 18.36 – Introduction.

Table U-2. AIP Handbook Clarification of 49 CFR § 18.36 Introduction

Clarifications include…
(1) Terminology Used in Industry. Sponsors should note that industry terminology is evolving and may differ from the terminology contained here in 49 CFR § 18.36. This is especially true in 49 CFR § 18.36(d)(3) on competitive proposals. Sponsors are cautioned that the many project delivery methods, regardless of the terminology, must still conform to the basic requirements within this regulation.

DOT Common Rule-States
49 CFR - PART 18 - UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS
[Revised as of October 1, 1999]

Sec. 18.36 Procurement.

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U-8. 49 CFR § 18.36(a) – States.

Table U-3. AIP Handbook Clarification of 49 CFR § 18.36(a)

Clarifications include…
(1) Difference Between State Procurement Standards and State Design, Planning, or Construction Standards. State procurement standards are not the same thing as the state planning, design, or construction standards discussed in Paragraph 3-25.
(2) Buying off a State Schedule. A sponsor is *not* allowed to purchase off a state schedule unless the state procurement includes *all* of the required causes in 49 CFR § 18.36(a).

(a) States. When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

U-9. 49 CFR § 18.36(b) – Procurement Standards.

Table U-4. AIP Handbook Clarification of 49 CFR § 18.36(b)

Clarifications include…
(1) Required Notification to ADO. Sponsors are responsible for complying with 49 CFR § 18.36. If the sponsor's procurement procedures or operations fail to comply with 49 CFR § 18.36 procurement standards, the sponsor must notify the ADO in writing.
(2) Intergovernmental Agreement. An example where an intergovernmental agreement may be appropriate is where several small airports would like to purchase an AWOS-A for each of the airports. Another example is where a state aviation department enters into a task order contract for eligible pavement maintenance at multiple airports within the state.
(3) Suitable Contract. The sponsor is the entity that determines contract suitability under 49 CFR § 18.36(b)(10)(i).
(4) Value Engineering. Per FAA policy, sponsors are required to use value engineering for new primary airports. In addition, ADOs have the option to require sponsors to use value engineering for unusually complex projects of greater than average costs (or require cost-benefit studies, present worth analysis, the study of alternatives, tactical planning, or other forms of technical evaluation). Value engineering must follow the requirements of the current version of Advisory Circular 150/5300-15, Use of Value Engineering for Engineering and Design of Airport Grant Projects. In addition, the ADO must have concurred in writing on the scope of the value engineering contract prior to the work commencing. Sponsors are cautioned that significant advance preparation may be needed for value engineering.
(5) Sponsor Written Protest Procedures. Per FAA policy, the sponsor must have *written* protest procedures in place before initiating any procurement actions that will be funded with AIP.

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Table U-4. AIP Handbook Clarification of 49 CFR § 18.36(b)

Clarifications include…
(6) Submittal of All Protests and Appeals to ADO. The sponsor must send a copy of the protest and the sponsor's written protest procedures to the ADO without delay. The sponsor must also send a copy of the resolution to the ADO. The ADO will not formally act on bid protests until the protester has exhausted all administrative remedies with the sponsor and the protester submits a formal appeal to the ADO. The ADO's role is limited to a review of 1) violations of federal law and rules, and 2) violations of the sponsor's protest procedures.
(7) Defects in Bid Solicitation. Per FAA policy, if a protester formally disputes the procurement because the bid solicitation is allegedly defective, it is the responsibility of the protester to notify the sponsor in writing before the bid opening (or before a reasonable deadline set by the sponsor). This will allow the sponsor to correct the deficiency by amending the solicitation. Per FAA policy, if a protester disputes a defective solicitation after bid opening, the sponsor has the choice of rejecting the protest without action if state and/or local procurement rules allow. This is because a protester normally has enough time to protest before bid opening. If the sponsor uses a shortened bidding time (such as 10 days), the FAA recommends that the sponsor accept protests up to contract award. If the protester is not satisfied with the way that the sponsor has resolved the protest, the protester has the option to appeal to the ADO. The ADO acceptance of a Sponsor Certification or the ADO approval of the plans and specifications does not relieve the sponsor of their responsibility for the accuracy, completeness, or technical content of the plans and specifications.
(8) Improper Evaluation of Bids. While protests pertaining to defective solicitations are made prior to bid opening, protests regarding improper bid evaluations occur after bid opening. If the protester believes the sponsor has improperly awarded the project, it is the responsibility of the protester to notify the sponsor in writing of their protest. If the protester is not satisfied with the way that the sponsor has resolved the dispute, the protester has the option to appeal to the ADO.
(9) Switching Suppliers or Subcontractors. A *contractor* may switch suppliers or subcontractors as long as there is no change in the bid and the requirements of 49 CFR Part 26 are met. There is no federal requirement preventing a *contractor* from switching suppliers or subcontractors as long as there is no change in the bid. However, the *sponsor* must not influence the contractor's selection of subcontractors or suppliers. If the sponsor directs or influences a change in supplier or subcontractor, this would be a 49 CFR § 18.36 violation since the sponsor is interfering with the open and competitive market.
(10) Potential Funding Impacts. Failure of the sponsor to properly resolve a bid protest or an ADO identified violation may result in a loss of AIP funding.
(11) Submittal of Resolutions to the ADO. The sponsor must notify the ADO in writing how all bid protest and appeals were resolved.
(12) Restrictions on Payment Requests for Disputed Costs. If the project is already under grant, the sponsor must not request payments for the disputed costs.

b) Procurement standards.

(1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

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(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

(i) The employee, officer or agent,

(ii) Any member of his immediate family,

(iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

(4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services.

(6) Grantees and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(7) Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(8) Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(10) Grantees and subgrantees will use time and material type contracts only--

(i) After a determination that no other contract is suitable, and

(ii) If the contract includes a ceiling price that the contractor exceeds at its own risk.

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(11) Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the grantee or subgrantee unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.

(12) Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and subgrantee before pursuing a protest with the Federal agency. Reviews of protests by the Federal agency will be limited to:

(i) Violations of Federal law or regulations and the standards of this section (violations of State or local law will be under the jurisdiction of State or local authorities) and

(ii) Violations of the grantee's or subgrantee's protest procedures for failure to review a complaint or protest. Protests received by the Federal agency other than those specified above will be referred to the grantee or subgrantee.

U-10. 49 CFR § 18.36(c) – Competition.

Table U-5. AIP Handbook Clarification of 49 CFR § 18.36(c)

Clarifications include…
(1) Brand Name or Equal. If an existing FAA technical specification establishes all necessary performance requirements, it is unnecessary for the sponsor to specify an actual material, product, or service and implies a sponsor preference. A sponsor must not disqualify a material, product, or service for not having a characteristic that the brand name material, product, or service possesses if the characteristic was not explicitly identified in the technical requirements.
(2) Matching Existing Equipment. Sponsors often want to specify a specific company or brand of equipment so that the acquired equipment matches what is currently at the airport. While this may make sense from an operational standpoint, this limits completion and requires the sponsor to use the procedures for noncompetitive proposals in 49 CFR § 18.36(d)(4).
(3) Required Notification to ADO. If the specification requires a *brand name* product, the sponsor must notify the ADO in writing prior to the award. A sponsor requiring that contractors obtain sponsor approval for a product *prior* to the award if the product is not a specified brand name. This could unduly limit competition by placing additional burdens on the non-brand name product
(4) Examples of situations that do *not* unduly limit competition. Some examples include: **(a)** A sponsor limiting the height of an ARFF vehicle based on the existing height of the ARFF building door. **(b)** A sponsor specifying sign face dimensions to fit in the existing sign units because the taxiways have been renamed as a result of an AIP funded project.
(5) Examples of situations that could unduly limit competition. Some examples include: **(a)** A sponsor specifying *Company X or equal* for an L-858R, Mandatory Instruction Sign. Since an existing FAA technical specification establishes all necessary performance requirements, it is

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Table U-5. AIP Handbook Clarification of 49 CFR § 18.36(c)

Clarifications include…
unnecessary for the sponsor to specify an actual company and implies a sponsor preference. **(b)** A sponsor specifying that an ARFF truck windshield wiper must be mounted on the top center of the windshield. However, this is not a required feature for performance of the ARFF vehicle and is not a standard feature for ARFF trucks for all manufacturers. This places an unreasonable requirement that could unduly limit competition. **(c)** A sponsor including a requirement for personal attendance at a pre-bid meeting for a project. Contractors and suppliers may not need to attend a pre-bid meeting if they are already very familiar with the project site, or have another member of the bidding team attending the meeting. This places an unreasonable requirement that could unduly limit competition.
(6) Geographical Preference. Some examples of geographical preference that unduly limit competition are: **(a)** A sponsor requiring a vendor to have local maintenance support within 50 miles or 40 minutes away from the airport. **(b)** A sponsor requiring that a percentage of employees reside in the city, county, or state boundaries. **(c)** A sponsor requiring that a percentage of the required materials be purchased from companies located in the city, county, or state boundaries.

(c) Competition.

(1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of Sec. 18.36. Some of the situations considered to be restrictive of competition include but are not limited to:

(i) Placing unreasonable requirements on firms in order for them to qualify to do business,

(ii) Requiring unnecessary experience and excessive bonding,

(iii) Noncompetitive pricing practices between firms or between affiliated companies,

(iv) Noncompetitive awards to consultants that are on retainer contracts,

(v) Organizational conflicts of interest,

(vi) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance of other relevant requirements of the procurement, and

(vii) Any arbitrary action in the procurement process.

(2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

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(3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations:

(i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

(ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(4) Grantees and subgrantees will ensure that all pre-qualified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees and subgrantees will not preclude potential bidders from qualifying during the solicitation period.

U-11. 49 CFR § 18.36(d) – Methods of Procurement (General).

Table U-6. AIP Handbook Clarification of 49 CFR § 18.36(d)

Clarifications include...
(1) Difference from Procurement of Professional Services. Sponsors must not confuse the small purchase procurement procedures with the requirements for procurement of professional services discussed in the current version of Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects. The procurement of professional services is not tied to the small purchase procedure threshold ($100,000) noted above.
(2) Sponsor Documentation. Sponsors must adequately document all quotations in writing and make this available to the ADO upon request. It is FAA policy that adequate documentation for projects over $10,000 includes a letter request from the sponsor and a written estimate from each qualified source. For projects $10,000 or below, it is FAA policy that the sponsor has the option of obtaining the quotes verbally as long as the sponsor documents the results in writing.
(3) Submittal of Technical Specifications to ADO. Per 49 CFR § 18.36(g)(1), sponsors must submit all technical specifications to the ADO upon the ADO's request. This may include the plans, the specifications, the engineer's report, and any other items that make up the procurement package.
(4) Calculation of $100,000 and $10,000. It is FAA policy that the *accepted* quote must come below $100,000 for the sponsor to use the small procurement process. It is FAA policy that the *accepted* quote must come below $10,000 for the sponsor to obtain quotes verbally.

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Table U-6. AIP Handbook Clarification of 49 CFR § 18.36(d)

Clarifications include...
(5) Indefinite Quantity/Delivery (Task Orders for Construction and Equipment). This contracting method defines a minimum and maximum quantity that may be obtained at any time during the contract period through individual task orders. This contracting method is rarely used for AIP projects. In order to be used for an AIP project, the contract must include any clauses required by federal statutes and executive orders and their implementing regulations and must not exceed 12 months unless the contract contains provisions for updating Davis-Bacon requirements. In addition, it is FAA policy that the contract must not exceed five years.
(6) Proposals Containing Ineligible and/or non-AIP Funded Work. Per FAA policy, sponsors must obtain written ADO concurrence before including ineligible and/or non-AIP funded work within the same contract (see Paragraph 3-37). Per FAA policy, the sponsor must award to the lowest responsive and responsible bidder *on the AIP-funded portion of the contract* when the bid is separated by line items or bid schedules. The sponsor must award to the lowest responsive and responsible bidder *on the entire contract* when the bid will be prorated for federal participation.
(7) Proposals Containing Ineligible and/or non-AIP Funded Work. Per FAA policy, sponsors must obtain written ADO concurrence before designing or bidding a project that will exceed FAA design standards (see Paragraph 3-23).

U-12. 49 CFR § 18.36(d)(1) – Small Purchase.

Table U-7. AIP Handbook Clarification of 49 CFR § 18.36(d)(1)

Clarifications include…
(1) Clarifications for all Procurement Methods. Additional clarifications that apply to all procurement methods, including small purchase procurement, are contained in Paragraph U-11.
(2) Adequate Number of Qualified Sources. The FAA considers an adequate number of qualified sources to be two or more for small purchase procedures (the same as for competitive bids under 49 CFR § 18.36(d)(2)(i)(B)). If the sponsor is only able to obtain a quotation from one qualified source, then the sponsor must then follow sole source requirements.

(d) Methods of procurement to be followed—

(1) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at $100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

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U-13. 49 CFR § 18.36(d)(2) – Sealed Bids.

Table U-8. AIP Handbook Clarification of 49 CFR § 18.36(d)(2)

Clarifications include…
(1) Clarifications for all Procurement Methods. Additional clarifications that apply to all procurement methods are contained in Paragraph U-11. These clarifications must be used in addition to the ones listed below.
(2) Required Notification to ADO. The sponsor must notify the ADO in writing prior to the award if the procurement is expected to exceed the simplified acquisition threshold and any of the following situations apply: **(a)** The award will be made without competition. **(b)** Only one bid is received. **(c)** The award will be made to other than the apparent low bidder.
(3) Submittal of Technical Specifications to ADO. Per 49 CFR § 18.36(g)(1), sponsors must submit all technical specifications to the ADO upon the ADO's request. This may include the plans, the specifications, the engineer's report, and any other items that make up the procurement package.
(4) Items Need for Bidder to Properly Respond. Bid documents must specify the method by which the successful bid will be determined, which may include factors such as life cycle costs, bid alternates, and availability of federal funding.
(5) Responsive vs. Responsible. The terms responsive and responsible are often misunderstood. *Responsive* applies to the bid documents filed by a bidder and *responsible* applies to qualifications of the bidder. **(a)** ***Responsive*.** A responsive bid conforms to all significant terms and conditions contained in the sponsor's invitation for bid. It is the sponsor's responsibility to decide if the exceptions taken by a bidder to the solicitation are material or not and the extent of deviation it is willing to accept. **(i) Material Deviations.** It is FAA policy that sponsors may not waive material deviations. Material deviations include those that affect material terms and conditions of the invitation for bids such as delivery time, quantity, technical specifications, price, or failure to send required bond and insurance information. **(ii) Minor Deviations.** It is FAA policy that sponsors may waive minor deviations. These might include a simple failure to enter an extended price on an item, when such extended price can be ascertained simply by multiplying the unit price by the number of units. **(b)** ***Responsible.*** A responsible bidder has the ability to perform successfully under the terms and conditions of a proposed procurement, as defined in 49 CFR § 18.36(b)(8). This includes such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
(6) Apparent Low Bidder. The apparent low bidder is the bidder with the lowest dollar proposal, and does not reflect whether the sponsor has determined the bidder to be responsive or responsible.
(7) Bid Alternates and Additive. A sponsor must not bid a project with alternates or additives without establishing how an award will be made within the bid package (commonly referred to as the basis for award). Otherwise, federal participation may be adversely affected because the bid documents are defective. Sponsors have the option of consulting with the ADO to validate that their use of bid

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Table U-8. AIP Handbook Clarification of 49 CFR § 18.36(d)(2)

Clarifications include…
alternates will meet grant requirements. Life cycle cost analyses is often used for as part of establishing the basis for award for bid alternatives.
(8) Life Cycle Costs. The life cycle cost concept recognizes that although an item may have the lowest initial cost, it may be more expensive than another item when costs such as operation and maintenance are considered. Under the life cycle cost concept, any costs expected to be incurred for the item over its useful life (that is acquisition, installation, operation, and maintenance) are considered. Cost data must be verifiable independently of a claim by the manufacturer or contractor. OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, requires elements of a life cycle cost analysis include the following: **(a)** The life cycle analysis must explicitly state assumptions, benefit factors, and costs. **(b)** Sponsors must identify key data for independent analysis and review. **(c)** Sponsor must use *Real* or *Constant Dollars* in their LCCA (omit the effects of inflation). **(d)** Although OMB Circular A-94 indicates that sponsors must use the *Real* discount (omits inflation effect) as published annually in appendix C to OMB Circular A-94, it is FAA policy that sponsors of AIP grant use a discount rate of 7% for all life cycle cost analyses.
(9) Guidance for Conducting Life Cycle Cost Analyses. The following three documents provide useful guidance to sponsors. The first document is especially useful for sponsors who have never completed a life cycle cost analysis and would like a simplified primer. **(a)** Life-Cycle Cost Analysis Primer. **(b)** The current version of Advisory Circular 150/5320-6, Airport Pavement Design and Evaluation. **(c)** AAPTP 06-06, Life Cycle Cost Analysis for Airport Pavements.
(10) Limits on Using Life Cycle Cost Prior to Bidding. The practice of limiting what alternatives the sponsor will consider in their procurement action prior to bidding may unduly excludes an otherwise eligible alternative and is thus contrary to the fair and open requirements of 49 CFR § 18.36. Per FAA policy, the one exception to this limitation is the comparative analysis of pavement design alternatives. Due to additional design costs associated with multiple pavement design alternatives, sponsors have the option to select a pavement design alternative prior to the bid solicitation provided that sufficient competition exists for the selected alternative.

(2) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in Sec. 18.36(d)(2)(i) apply.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively and for the business; and

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(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;

(B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;

(C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;

(D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

U-14. 49 CFR § 18.36(d)(3) – Competitive Proposals.

Table U-9. AIP Handbook Clarification of 49 CFR § 18.36(d)(3)

Clarifications include…
(1) Clarifications for all Procurement Methods. Additional clarifications that apply to all procurement methods are contained in Paragraph U-11. These clarifications must be used in addition to the ones listed below.
(2) Difference between Sealed Bids and Competitive Proposals. The main difference between sealed bids and competitive proposals is that a sponsor awards sealed bids based principally on price, and awards competitive proposals based price *and/or* other factors (such as qualifications, contract time, proposed phasing, or method of construction).
(3) Types of Competitive Proposals. Design-build, construction manager-at-risk, qualification based, and any other alternative delivery methods are all considered to be competitive proposals. A competitive proposal may be a one step or a two-step process. A brief summary of the most common methods are discussed below: **(a) Qualification Based with Negotiated Price (Professional Services).** This method is a qualifications based method that is required for professional services. Per 49 USC § 47107(a)(17), AIP must use a qualification based selection method under the Brooks Act for "program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design engineering, surveying, mapping, and related services". Per the Brooks Act, the competitor cannot provide (and the sponsor cannot use) price information when the sponsor ranks the competitors. The FAA interprets this to mean competitors cannot provide any price information before the sponsor determines the most qualified competitor, even if the price information is in a sealed envelope. However, the sponsor must then negotiate a fair and reasonable price or go to the next qualified competitor. The current version of Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects, provides further guidance.

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Table U-9. AIP Handbook Clarification of 49 CFR § 18.36(d)(3)

Clarifications include…
(b) Design-Build. 49 USC § 47142 establishes design-build contracting as an approvable form of contracting under AIP and defines it as "an agreement that provides for both design and construction of a project by a contractor". This section of the Act also requires that "three or more bids must be submitted". Section 139 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) established a pilot program design-build contracting under AIP, however, this pilot program expired September 30, 2003 and was replaced by the statute in 49 USC § 47142 per Vision 100 – Century of Aviation Reauthorization Act which made this type of contracting eligible outside of the pilot program. **(c) Construction Manager-At-Risk (CM-A-R).** Under CM-A-R, the sponsor engages a design firm for the project design. The sponsor selects a construction manager-at-risk (CM-A-R) based on qualifications during the design process. The CM-A-R conducts document reviews, constructability reviews, cost estimating and scheduling. The CM-A-R then competitively procures the construction component of the project and is responsible for ensuring the project is completed within budget and schedule.
(4) Required Notification to ADO. If the procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition, or only one proposal is received in response to a solicitation, the sponsor must notify the ADO in writing prior to the award.
(5) Competitive Proposals Containing Ineligible Work. For competitive proposals the sponsor must select the proposal that is most advantageous to federal interest and the sponsor must be able to clearly show how the ineligible and eligible costs are divided.
(6) Adequate Number of Qualified Sources. The FAA considers an adequate number of qualified sources to be two or more for competitive proposals, except for when the sponsor uses the design-build method, in which case three or more are required. If the sponsor is only able to obtain a quotation from one qualified source, then the sponsor must then follow sole source requirements.
QUALIFICATION BASED WITH NEGOTIATED PRICE (CONSULTANT CONTRACTS) ONLY:
(7) When Price must not be used as a Factor. The only competitive proposal procedure where price cannot be used (only other factors) is for the qualifications based procurement of architectural/engineering professional services.
(8) Consultant Contract Requirements. The current version of Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects, provides sponsor requirements for consulting contracts, including the unique contract methods (retainers, cost-plus-a-fixed-fee, cost-plus-a-percentage-of-cost, indefinite delivery). Sponsor must not deviate from the requirements in this advisory circular unless the ADO has reviewed the contract and concurs with the deviations. Note that cost-plus-a-percentage-of-cost is specifically prohibited per 49 CFR § 18.36(f)(4). In addition, if the sponsor uses cost-plus-a-fixed-fee, it is FAA policy that profit must be based on a value, not on a multiplier or percentage. For lump sum contracts, it is FAA policy that the negotiation process must clearly show the amount of profit and how it was derived.
DESIGN BUILD AND CONSTRUCTION MANAGER-AT-RISK (AND ANY OTHER COMPETITIVE PROPOSAL NOT QUALIFICATION BASED WITH NEGOTIATED PRICE):
(9) Clarifications for Sealed Bids. Since these proposals use price as a factor, the clarifications under sealed bids contained in Paragraph U-13 also apply.

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Table U-9. AIP Handbook Clarification of 49 CFR § 18.36(d)(3)

Clarifications include…
(10) When the Use of Sealed Bids Alone is Not Appropriate. The sponsor must only use sealed bids instead of competitive proposals unless: **(a)** A complete, adequate, and realistic specification or purchase description is not available (for instance, a complex project contains too many unknowns) **(b)** The procurement does not lend itself to a firm fixed price contract and the selection of the successful bidder cannot be made principally on the basis of price.
(11) Example of Situations where Competitive Proposals may be Appropriate. Examples include complex terminal projects (where there are multiple methods of construction and phasing), large demolition projects (where there are multiple methods of demolition), and rehabilitation of runway crossings (where contract time, phasing, or method may have added benefits). In order for the sponsor to consider using competitive proposals, the sponsor must first determine that sealed bids *cannot* be used.
(12) Engineering Materials Arrestor System (EMAS). An EMAS project is considered a competitive proposal because due to the nature of the project, sponsors must award the proposal based on price *and* other factors.
(13) Advantages of Competitive Proposals that are not Allowed under AIP. Because of the federal contract and procurement requirements, some of the advantages of competitive proposals are not eligible for AIP funding. Sponsors must still meet all applicable 49 CFR § 18.36 and AIP requirements in order for the ADO to fund the costs with AIP. Examples of some costs that are not allowed include early completion bonuses, cost overruns greater than the allowable grant amendment percent, shared costs savings, contingency costs, price escalation, consultant and airport insurance costs, and state and local preferences.
(14) Obtaining ADO Concurrence Prior to Award. Per 49 USC § 47142, the sponsor must not award AIP funded design build proposals prior to obtaining ADO concurrence. Per FAA policy, this also applies to construction manager-at-risk proposals (and any other competitive proposals not qualifications based with negotiated price).
(15) Submittal of Technical Specifications to ADO. Per 49 CFR § 18.36(g)(1), sponsors must submit all technical specifications to the ADO upon the ADO's request. This may include the plans, the specifications, the engineer's report, and any other items that make up the procurement package.
(16) Submittal of Additional Documentation. The sponsor must provide all additional documentation required by the ADO, which for these types of proposals includes, but is not limited to: **(a)** A description of the method to be used. **(b)** A full description of the project with general sketches of proposed work. **(c)** Documentation that provides the reason and justification for using the competitive proposal method over sealed bids. **(d)** A responsibility matrix showing the contractual relationships between all parties involved in the project. A flowchart is often useful for this purpose. **(e)** Documentation that the selection process is allowed under state or local law. **(f)** A statement describing what safeguards are in place to prevent conflicts of interest.

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Table U-9. AIP Handbook Clarification of 49 CFR § 18.36(d)(3)

Clarifications include…
(g) Proof that the system will be as open, fair and objective as the traditional sealed bid method under 49 CFR § 18.36(d)(2).
(h) Documentation of the amount of experience the parties involved in the project have in the proposed method.

(3) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;

(ii) Proposals will be solicited from an adequate number of qualified sources;

(iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;

(iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(v) Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

U-15. 49 CFR § 18.36(d)(4) – Noncompetitive Proposals.

Table U-10. AIP Handbook Clarification of 49 CFR § 18.36(d)(4)

Clarifications include…
(1) Clarifications for all Procurement Methods. Additional clarifications that apply to all procurement methods are contained in Paragraph U-11. These clarifications must be used in addition to the ones listed below.
(2) Single Source, Sole Source, and Proposals with an Inadequate Number of Qualified Sources. Single source, sole source, and proposals with an inadequate number of qualified sources are noncompetitive. The number of adequate qualified sources is found in Table U-7 for small purchase proposals and Table U-9 for competitive proposals.
(3) Contract Changes. Change orders, supplemental agreements, and contract modifications are noncompetitive. The sponsor and ADO requirements are included in Paragraph 5-34.

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Table U-10. AIP Handbook Clarification of 49 CFR § 18.36(d)(4)

Clarifications include…
(4) Required Notification to ADO. If the sponsor procures using noncompetitive proposals, makes a contract modification that changes the scope of a contract, or increases the contract amount by more than the simplified acquisition threshold, the sponsor must notify the ADO in writing prior to executing the procurement action.
(5) Submittal of Technical Specifications to ADO. Per 49 CFR § 18.36(g)(1), sponsors must submit all technical specifications to the ADO upon the ADO's request. This may include the plans, the specifications, the engineer's report, and any other items that make up the procurement package.
(6) Example where Noncompetitive Proposals may be Appropriate. **(a) Some Services for Less than $10,000.** Services for $10,000 or less for appraisals, grant audit services performed as a part of a project, and Independent project cost estimates. The $10,000 was set by FAA policy in Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects. **(b) Public utility company services.** Public utility companies generally do not allow work on their property or equipment by anyone other than their own employees. A sponsor often has no other choice than to use a noncompetitive proposal for this type of work. In addition, the FAA has determined that the federal contract provisions do not apply to this situation. **(c) Eligible replacement of a component of a piece of equipment.** This may be allowable if using a competitor's replacement part would make the equipment inoperable, such as during a rehabilitation of an ARFF vehicle. The sponsor must document their justification and make it available to the ADO upon request.
(7) Example where Noncompetitive Proposals may not be Appropriate. **(a) Sponsor convenience**. Sponsors must not use a noncompetitive proposal to ensure consistency of equipment, to improve spare parts management, or to work with companies they have experience with. **(b) Compatibility with nonstandard features.** If a sponsor purchased equipment with nonstandard features that were not required by the FAA, then the sponsor cannot use compatibility as justification for using noncompetitive procurement. An example is when a sponsor purchases an airfield lighting control panel that includes remote maintenance monitoring, which is not required by the FAA. The sponsor cannot limit the procurement of future regulators to only those regulators that support the nonstandard remote maintenance monitoring.
(8) Noncompetitive Proposals. If a sponsor is using a noncompetitive proposal, a modification to standards may be required. The requirements for a modification to standard are outlined in Paragraph 3-22.
(9) Separating Noncompetitive and Competitive Procurement. Sponsors must separate noncompetitive procurement if it unduly limits the free and open competition of the competitive procurement. For example, sponsors must procure modifications to existing Airfield Lighting Control and Monitoring Systems (ALCMS) separately. Having separate procurement will also help reduce bid protests.

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(4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

U-16. 49 CFR § 18.36(e) – Contracting with small and minority firms, women's business enterprise and labor surplus area firms.

Table U-11. AIP Handbook Clarification of 49 CFR § 18.36(e)

Clarifications include…
(1) Disadvantage Business Enterprise and Bid Responsiveness. Small and minority, women's business enterprise and labor surplus area are not necessarily the same as disadvantaged business enterprise (DBE). A sponsor is allowed to include aspirational goals in bid documents; however, it is FAA policy, based on 49 CFR Part 26, that the sponsor cannot use any goals other than DBE to determine bid responsiveness. Local MWBE goals are not considered DBE goals in a federal project.
(2) Other Civil Rights Requirements Outside of 49 CFR § 18.36. Sponsors are also required to follow the other civil rights requirements for AIP projects, such as those found in 49 CFR Part 26.

(e) Contracting with small and minority firms, women's business enterprise and labor surplus area firms.

(1) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

(2) Affirmative steps shall include:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

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(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;

(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

(vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

U-17. 49 CFR § 18.36(f) – Contract cost and price.

Table U-12. AIP Handbook Clarification of 49 CFR § 18.36(f)

Clarifications include…

(1) Price or Cost Analysis is a Mandatory Sponsor Action. Sponsors are required to perform a cost or price analysis for every procurement action that uses AIP funds, including contract modifications.

(2) Contract Modifications. Contract modifications include such items as change orders to construction/equipment contracts and supplemental agreements to negotiated professional service contracts. Contract modifications that change the original scope of the project and do not have a line item in the original bid require a full cost analysis. Otherwise, the sponsor can simply document that the unit prices are consistent with those in the original contract and/or that the changes are necessary to complete the original scope of the work.

(3) Independent Estimate. The independent estimate methods by project type are included below. These estimates are the initial tool for the sponsor to use in price and cost analyses.

For the following project type…	The independent estimate method is…
Land and easement acquisition	Appraisals and review appraisals
Equipment acquisition and construction	Engineer's estimate
Negotiated professional services (such as consultant costs)	Independent fee estimate
Non-negotiated services (such as newspaper advertisements and rental of facilities for a public hearing)	Advertised pricing
Non-negotiated service based on law or regulation (such as utility work by the utility company or a reimbursable agreement with the FAA Air Traffic Organization (ATO))	Not applicable

(4) Cost Analysis Purpose. A cost analysis is the evaluation of separate elements such as labor or materials that make up the total price to determine if the separate elements are allowable, directly related to the project, and reasonable.

(5) Price Analysis Purpose. A price analysis is a process analyzing a proposed total price without

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Table U-12. AIP Handbook Clarification of 49 CFR § 18.36(f)

Clarifications include…
evaluating separate cost elements (including profit). The purpose is solely to ensure that a total price is fair and reasonable.
(6) Cost Analysis vs. Price Analysis. Cost analysis are used in instances where a price analysis is not viable (instances listed 49 CFR § 18.36(f)(1)) and delves into the individual elements of cost that make up the total price. Price analysis is based solely on the total price.
(7) How to do a Cost or Price Analysis. There are a number of publically-available documents on preparing a cost analysis. DOD's Contract Pricing Reference Guides is an excellent source. Another good source is the Quick Guide to Cost and Price Analysis for HUD Grantees and Funding Recipients, United States Department of Housing and Urban Development. Because HUD has similar grant requirements for their grantees as AIP does for sponsors, the requirements are very similar to those of AIP. References and links for these documents are included in Appendix B.
(8) File Retention. Sponsors must retain a copy of the price or cost analysis in the sponsor's project file.
(9) Documentation to the ADO. Sponsors must submit all cost and price analysis documentation to the ADO upon request as required in Chapter 3, Section 14.
(10) Negotiation of Profit. Sponsor must remember to include this step as a separate action for all of the situations outlined in 49 CFR § 18.36(f)(2) (including change orders).
(11) Contract Bonus for Expedited Construction Completion. Contracts sometimes provide for payment of a bonus to the contractor for completing construction early or a phase of the construction early. AIP funding cannot be used to pay for bonus payments for early completion (only sponsor funding).
(12) Escalator Clauses. Escalator clauses are provisions in a contract for increasing or decreasing the contracted price for labor, material, etc., in step with the market prices or an agreed upon benchmark. Sponsors must send their request to the ADO and obtain written APP-1 approval before awarding contracts containing an escalator clause.
(13) Required Notification to ADO. If the sponsor makes a contract modification that changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold, the sponsor must notify the ADO in writing prior to executing the procurement action.

(f) Contract cost and price.

(1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

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(2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see Sec. 18.22). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.

(4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

U-18. 49 CFR § 18.36(g) – Awarding Agency Review.

Table U-13. AIP Handbook Clarification of 49 CFR § 18.36(g)

Clarifications include…
(1) ADO Responsibilities. The ADO procurement responsibilities are discussed in detail in Section 10 of Chapter 3. The ADO always has the option of reviewing any sponsor procurement documents and systems at any time during the grant process.
(2) Required Sponsor Notifications to the ADO. It is FAA policy that the sponsor must notify the ADO when any of the situations listed in 49 CFR § 18.36(g)(2) exist. The ADO then has the option to require the sponsor to provide further documentation or to conduct a pre-award review.

(g) Awarding agency review.

(1) Grantees and subgrantees must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or subgrantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(2) Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:

(i) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section; or

(ii) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation; of

(iii) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a ``brand name'' product; or

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(iv) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(v) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.

(3) A grantee or subgrantee will be exempt from the pre-award review in paragraph (g)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.

(i) A grantee or subgrantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

(ii) A grantee or subgrantee may self-certify its procurement system. Such self-certification shall not limit the awarding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to rely on written assurances from the grantee or subgrantee that it is complying with these standards. A grantee or subgrantee will cite specific procedures, regulations, standards, etc., as being in compliance with these requirements and have its system available for review.

U-19. 49 CFR § 18.36(h) – Bonding Requirements.

Table U-14. AIP Handbook Clarification of 49 CFR § 18.36(h)

Clarifications include…
(1) Simplified Acquisition Threshold. The simplified acquisition threshold is fixed by 41 U.S.C. 403(11) and the current amount is listed above in 49 CFR § 18.36(d)(1).
(2) Contracts at or below the Simplified Acquisition Threshold. Sponsors have the option to follow their own requirements relating to bid guarantees, performance bonds, and payment bonds for construction if the contract or subcontract is at or below the simplified acquisition threshold.
(3) Maintenance Bonds and Extended Warrantees. Maintenance bonds and extended warrantees are not required under 49 CFR § 18.36(d)(1) and cannot be funded under AIP. If a sponsor chooses to require a maintenance bond or an extended warrantee, then the sponsor must clearly bid that item separately and not include the costs in the AIP project.
(4) Requirements for Nonstandard Bonding. If the sponsor deviates from the minimum bonding requirements, the sponsor must submit a written assurance to the ADO that the federal interests are adequately protected.
(5) Combined Payment and Performance Bonds. A combined payment and performance bond does *not* meet the minimum requirements and must not be used unless sponsor has submitted a written assurance to the ADO that the federal interests are adequately protected.

(h) Bonding requirements. For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

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(1) A bid guarantee from each bidder equivalent to five percent of the bid price. The ``bid guarantee'' shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. A ``performance bond'' is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. A ``payment bond'' is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

U-20. 49 CFR § 18.36(i) – Contract Provisions.

Table U-15. AIP Handbook Clarification of 49 CFR § 18.36(i)

Clarifications include…
(1) Additional Clauses and Provisions for AIP Projects. 49 CFR § 18.36(i) does not contain all of the required clauses and provision for AIP projects. There are other regulations and statutes beyond 49 CFR 18.36 that establish additional clauses and provisions. A summary of the required contract clauses for construction contracts are in Table U-16, for equipment contracts are in Table U-17, and for professional services (A/E) contracts are in Table U-18. The website Procurement and Contracting under AIP – Federal Contract Provisions page of the FAA Office of Airports website (see Appendix B for link) contains a complete listing (including text).

Table U-16. Contract Clauses – Construction Contracts

Contract Type	Required Clauses
a. Provisions for all Construction Contracts	Buy American Preference – 49 USC § 50101 Civil Rights Act of 1964, Title VI – Contractor Contractual Requirements – 49 CFR Part 21 Airport and Airway Improvement Act of 1982, Section 520 – 49 USC § 47123 Lobbying and Influencing Federal Employees – 49 CFR Part 20 Access to Records and Reports – 49 CFR § 18.36 Disadvantaged Business Enterprise – 49 CFR Part 26 Energy Conservation – 49 CFR § 18.36 Breach of Contract Terms – 49 CFR § 18.36 Rights to Inventions – 49 CFR § 18.36 Trade Restriction Clause – 49 CFR Part 30 Veteran's Preference – 49 USC § 47112 Federal Fair Labor Standards Act of 1938 as amended – 29 USC § 201, et seq.

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Table U-16. Contract Clauses – Construction Contracts

Contract Type	Required Clauses
	Occupational Safety and Health Act of 1970 – 20 CFR Part 1910
b. Additional Provisions for Construction Contracts Exceeding $2,000	Davis Bacon Labor Provisions – 29 CFR Part 5 Copeland "Anti-Kickback" Act - 49 CFR § 18.36(i)(4) and 29 CFR Parts 3 & 5 Contract Workhours and Safety Standards Act Requirements – 49 CFR § 18.36(i)(6) and 29 CFR § 5.5(a)
c. Additional Provisions for Construction Contracts Exceeding $10,000	Equal Opportunity Clause – 41 CFR § 60-1.4 Certification of Non-Segregated Facilities – 41 CFR § 60-1.8 Notice of Requirement for Affirmative Action – 41 CFR § 60-4.2 Equal Employment Opportunity Specification – 41 CFR § 60-4.3 Termination of Contract – 49 CFR § 18.36
d. Additional Provisions for Construction Contracts Exceeding $25,000	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – 2 CFR Part 180 (adopted and supplemented by DOT at 2 CFR Part 1200)
e. Additional Provisions for Construction Contracts Exceeding $100,000	Clean Air and Water Pollution Control – 49 CFR § 18.36(i)(12)

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Table U-17. Contract Clauses – Equipment Contracts

Contract Type	Required Clauses
a. Provisions for all Equipment Contracts	Buy American Preference – 49 USC § 50101 Civil Rights Act of 1964, Title VI – Contractor Contractual Requirements – 49 CFR Part 21 Airport and Airway Improvement Act of 1982, Section 520 – 49 USC § 47123 Disadvantaged Business Enterprise – 49 CFR Part 26 Lobbying and Influencing Federal Employees – 49 CFR Part 20 Access to Records and Reports – 49 CFR § 18.36 Energy Conservation – 49 CFR § 18.36 Breach of Contract Terms – 49 CFR § 18.36

Table U-17. Contract Clauses – Equipment Contracts

Contract Type	Required Clauses
	Rights to Inventions – 49 CFR § 18.36 Trade Restriction Clause – 49 CFR Part 30 Federal Fair Labor Standards Act of 1938 as amended – 29 USC § 201, et seq. Occupational Safety and Health Act of 1970 – 20 CFR Part 1910
b. Additional Provisions for Equipment Contracts Exceeding $10,000	Termination of Contract – 49 CFR § 18.36
c. Additional Provisions for Equipment Contracts Exceeding $25,000	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – 2 CFR Part 180 (adopted and supplemented by DOT at 2 CFR Part 1200)
d. Additional Provisions for Equipment Contracts Exceeding $100,000	Clean Air and Water Pollution Control – 49 CFR § 18.36(i)(12) Contract Workhours and Safety Standards Act Requirements – 49 CFR § 18.36(i)(6) and 29 CFR § 5.5(b)

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Table U-18. Contract Clauses – Professional Services (A/E) Contracts

Contract Type	Required Clauses
a. Provisions for all A/E Contracts	Civil Rights Act of 1964, Title VI – Contractor Contractual Requirements – 49 CFR Part 21 Airport and Airway Improvement Act of 1982, Section 520 – 49 USC § 47123 Disadvantaged Business Enterprise – 49 CFR Part 26 Lobbying and Influencing Federal Employees – 49 CFR Part 20 Access to Records and Reports – 49 CFR § 18.36 Breach of Contract Terms – 49 CFR § 18.36 Rights to Inventions – 49 CFR § 18.36 Trade Restriction Clause – 49 CFR Part 30 Federal Fair Labor Standards Act of 1938 as amended – 29 USC § 201,

Table U-18. Contract Clauses – Professional Services (A/E) Contracts

Contract Type	Required Clauses
	et seq. Occupational Safety and Health Act of 1970 – 20 CFR Part 1910
b. Additional Provisions for A/E Contracts Exceeding $10,000	Termination of Contract – 49 CFR § 18.36
c. Additional Provisions for A/E Contracts Exceeding $25,000	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – 2 CFR Part 180 (adopted and supplemented by DOT at 2 CFR Part 1200)
d. Additional Provisions for A/E Contracts Exceeding $100,000	Clean Air and Water Pollution Control – 49 CFR § 18.36(i)(12) Contract Workhours and Safety Standards Act Requirements – 49 CFR § 18.36(i)(6) and 29 CFR § 5.5(b)

(i) Contract provisions. A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of $10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled ``Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of $10,000 by grantees and their contractors or subgrantees)

(4) Compliance with the Copeland ``Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts in excess of $2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts awarded by grantees and subgrantees in excess of $2000, and in excess of $2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

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(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15). (Contracts, subcontracts, and subgrants of amounts in excess of $100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

U-21. 49 CFR § 18.36(j)-(t) – Only (n) and (t) Apply to AIP.

Table U-19. AIP Handbook Clarification of 49 CFR § 18.36(j) - 49 CFR § 18.36(t)

Clarifications include…
(1) Sections that are not Applicable to AIP. The following sections of 49 CFR § 18.36 do not apply to AIP and are greyed out. **(a)** 49 CFR § 18.36(j) - 49 CFR § 18.36(m) **(b)** A portion of 49 CFR § 18.36(n) **(c)** 49 CFR § 18.36(0) - 49 CFR § 18.36(s) **(d)** A portion of 49 CFR § 18.36(t)
(2) 49 CFR § 18.36(m) – Buy America. Note that this section is Buy America for *other* modes of DOT, not the FAA.
(3) 49 CFR § 18.36(n) - Disadvantaged Business Enterprises. 49 CFR Part 23 is included in the AIP grant assurances. The first half of 49 CFR § 18.36(n) does not apply to projects funded with AIP.
(4) 49 CFR § 18.36(t) - Brooks Act. Sponsor must include requirements for qualification-based procurement of professional services required by 49 USC § 47107(a)(17). This is commonly referred to as the Brooks Act. The last sentence of 49 CFR § 18.36(t) does not apply to projects funded with AIP.

(j) 23 U.S.C. 112(a) directs the Secretary to require recipients of highway construction grants to use bidding methods that are ``effective in securing competition." Detailed construction contracting procedures are contained in 23 CFR part 635, subpart A.

(k) Section 3(a)(2)(C) of the UMT Act of 1964, as amended, prohibits the use of grant or loan funds to support procurement utilizing exclusionary or discriminatory specifications.

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(l) 46 U.S.C. 1241(b)(1) and 46 CFR part 381 impose cargo preference requirements on the shipment of foreign made goods.

(m) Section 165 of the Surface Transportation Assistance Act of 1982, 49 U.S.C. 1601, section 337 of the Surface Transportation and Uniform Relocation Assistance Act of 1987, and 49 CFR Parts 660 and 661 impose Buy America provisions on the procurement of foreign products and materials.

(n) Section 105(f) of the Surface Transportation Assistance Act of 1982, section 106(c) of the Surface Transportation and Uniform Relocation Assistance Act of 1987, and 49 CFR Part 23 impose requirements for the participation of disadvantaged business enterprises.

(o) Section 308 of the Surface Transportation Assistance Act of 1982, 49 U.S.C. 1068(b)(2), authorizes the use of competitive negotiation for the purchase of rolling stock as appropriate.

(p) 23 U.S.C. 112(b) provides for an exemption to competitive bidding requirements for highway construction contracts in emergency situations.

(q) 23 U.S.C. 112 requires concurrence by the Secretary before highway construction contracts can be awarded, except for projects authorized under the provisions of 23 U.S.C. 17l.

(r) 23 U.S.C. 112(e) requires standardized contract clauses concerning site conditions, suspension or work, and material changes in the scope of the work for highway construction contracts.

(s) 23 U.S.C. 140(b) authorizes the preferential employment of Indians on Indian Reservation road projects and contracts.

(t) FHWA, UMTA, and Federal Aviation Administration (FAA) grantees and subgrantees shall extend the use of qualifications-based (e.g., architectural and engineering services) contract selection procedures to certain other related areas and shall award such contracts in the same manner as Federal contracts for architectural and engineering services are negotiated under Title IX of the Federal Property and Administrative Services Act of 1949, or equivalent State (or airport sponsor for FAA) qualifications-based requirements. For FHWA and UMTA programs, this provision applies except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services.

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Appendix V. Forms

V-1. Availability of Forms.

The current AIP related forms and any associated instructions can be obtained from the FAA Office of Airports website. The forms in this appendix (listed below in Table V-1) were current when this Handbook was published.

Note: These forms will be added to the Handbook and the FAA Office of Airports website prior to the Handbook being published. Current versions of these forms are either available on the FAA Office of Airports website under forms, in the existing AIP Handbook, or under development.

Table V-1. AIP Related Forms

Form Name	Form Number
(1) Agreement for Transfer of Entitlements	FAA Form 5100-110
(2) Agreement on State Sponsorship and Sponsor Obligations	
(3) AIP Sponsor Certification – Construction Project Final Acceptance	
(4) AIP Sponsor Certification – Drug-Free Workplace	
(5) AIP Sponsor Certification – Equipment/Construction Contracts	
(6) AIP Sponsor Certification – Project Plans and Specifications	
(7) AIP Sponsor Certification – Real Property Acquisition	
(8) AIP Sponsor Certification – Selection of Consultants	
(9) Airport Pavement Design	FAA Form 5100-1
(10) Application for Development Projects (Parts II through IV)	FAA Form 5100-100
(11) Application for Federal Assistance	Standard Form 424
(12) Application for Planning Projects (Parts II through IV)	FAA Form 5100-101
(13) Buy American Content Percentage Calculation Worksheet	
(14) Construction Progress and Inspection Report	FAA Form 5370-1
(15) Final Assembly Questionnaire (Buy American)	
(16) Federal Financial Report	Standard Form 425
(17) Grant Agreement	FAA Form 5100-37

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Table V-1. AIP Related Forms

Form Name	Form Number
(18) Grant Agreement Cover Letter (Sample)	
(19) Grant Amendment (Formal)	FAA Form 5100-38
(20) Grant Amendment (Informal Letter)	
(21) Grant Amendment (Multi-Year)	
(22) Airport Improvement Program Form (also called AIP Grant Status Report)	FAA Form 5100-107
(23) Letter of Intent (LOI) Application Financial Template	
(24) Outlay Report and Request for Reimbursement for Construction Programs	Standard Form 271
(25) Quarterly Performance Report (Sample)	
(26) Request for Advance or Reimbursement	Standard Form 270
(27) Request for Change in Reservation/Obligation	FAA Form 1413-1
(28) Snow Removal Equipment Inventory (Sample)	
(29) State Block Grant Agreement	

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Appendix W. Revenue Sources for the Airport and Airway Trust Fund

W-1. General.

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 where users pay for the services they receive. The current tax structure is established under the Taxpayer Relief Act of 1997 (Public Law 105-35). Table W-1 lists these tax sources, the and how they are computed, and the relative percentage they add to the Trust Fund.

Table W-1. Revenue Sources for the Airport and Airway Trust Fund

Aviation Component	Calculation
a. Domestic Passenger Ticket Tax (including areas of Canada and Mexico not more than 225 miles from the continental United States)	7.5% of ticket price from October 1, 1999, to September 30, 2007. Note that this date has been extended with each of the authorization extensions since September 30, 2007.
b. Domestic Passenger Flight Segment (a segment is one takeoff and one landing)	$3 per segment during calendar year 2002. After calendar year 2002, this is indexed to the Consumer Price Index.
c. Special Rule for flights between the Continental United States and Alaska or Hawaii	$6 departure tax plus a portion of the domestic passenger ticket tax. The departure tax for international facilities is indexed to Consumer Price Index beginning January 1, 1999.
d. Passenger Ticket Tax at Rural Airports (having less than 100,000 boardings and more than 75 miles from an airport with 100,000 boardings)	7.5% of ticket price beginning October 1, 1997 (excluding flight segment component).
e. International Departure and Arrival Taxes (where domestic tax does not apply)	$12 per person departure tax plus $12 per person arrival tax beginning October 1, 1997. Indexed to the Consumer Price Index beginning January 1, 1999.
f. Frequent Flyer Tax	7.5% of frequent flyer award value.
g. Domestic Freight and Mail	6.25% of shipment cost.
h. Commercial Aviation Fuel Tax	4.3¢ per gallon.
i. General Aviation Fuel Tax	Aviation gasoline – 19.3¢ per gallon. Jet fuel – 21.8¢ per gallon.

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Appendix X. Competition Plans

X-1. Legislative History.

AIR-21 (Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, Public Law. 106-181), Section 155, required the submission of a Competition Plan by certain large and medium hub airports (covered airports) for an AIP grant to be issued beginning in fiscal year 2001. The most current Competition Plan requirements are found in 49 USC § 47106(f).

X-2. Purpose.

Per FAA policy, major airports must be available on a reasonable basis to all carriers wishing to serve the airport. The underlying purpose of the competition plan is for the airport to demonstrate how it will provide for new entrant access and expansion by incumbent carriers.

X-3. Covered Airports.

Per 49 USC § 47106(f)(4) Completion Plans are required for covered airports that meet the conditions outlined in Table X-1.

Table X-1. Airports Falling Under the Competition Plan Requirements

If the following two conditions exist at an airport, the airport is considered a covered airport…
a. The airport is a medium or large hub airport.
b. One or two air carriers control more than 50 percent of the passenger boardings.

X-4. Prohibition on Grant Execution.

49 USC § 47106(f) prohibits the FAA from issuing an AIP grant to a covered airport unless the airport has submitted a written Competition Plan. It is FAA policy that AIP grants cannot be issued unless a required Competition Plan or Competition Plan update has been *approved* by the FAA.

X-5. Requirements for Initial Plan Submittal and Updates.

Per FAA policy, covered airports must submit Competition Plans and updates as required in Table X-2. The FAA encourages covered airport to file their initial Competition Plan as close as possible to the start of the fiscal year. Covered airports must either provide two copies of their Competition Plan or Competition Plan update to APP-1 or file an electronic version as directed by the APP-510. In addition, covered airports must also submit one copy of their Competition Plan or update to the ADO and regional office.

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Table X-2. Completion Plan and Update Requirements

For the following situation…	The sponsor must…
a. The sponsor is a covered airport and has not submitted an initial Competition Plan.	Submit an initial plan to the FAA. The FAA will send written notification letters to airports that will be required to file initial Competition Plans as close to the beginning of the fiscal year as possible. The FAA encourages covered airports to file their initial Competition Plan as close as possible to the start of the fiscal year to avoid undue delay in AIP grants.
b. The FAA has approved an initial plan, and the sponsor is on the first or second update.	Submit the update within 18 months of the latest FAA approval letter. The FAA will send written notification letters to airports that will be required to file Competition Plan updates as close to the beginning of the fiscal year as possible. The FAA encourages covered airports to file each update as close as possible to the start of the fiscal year to avoid undue delay in AIP grants.
c. The FAA has approved an initial plan and two updates.	Submit an update if either of the following special conditions arise. Per FAA policy, covered airports must file these updates within 60 days of these conditions arising to avoid undue delays in AIP grants. **(1) Denial of Access.** An airport files a competitive access report as required by 49 USC § 47107(s) stating it had denied access to an air carrier for gates or facilities within the last six months. 49 USC § 47107(s) requires any medium or large airport that has denied a carrier's request or requests for access to file a report with the Secretary of Transportation describing the carrier's requests, providing an explanation as to why the requests could not be accommodated, and providing a time frame within which, if any, the airport will be able to accommodate the requests. Reports are due each February and August. The FAA expects the airport's written Competition Plan to detail any changes since the previous submittal and any issues raised in the FAA's approval letter. **(2) New Lease and Use Agreement.** An airport executes a new master lease and use agreement, or significantly amends a lease and use agreement, including an amendment due to use of Passenger Facility Charge financing for gates. The FAA encourages airports to consult with the FAA about new lease provisions and to provide the FAA the opportunity to review the new or amended provisions prior to formal execution.

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X-6. Initial Competition Plan Contents.

Per 49 USC § 47106(f), initial Competition Plans must include the information in Table X-3 in order for the FAA to accept a filing.

Table X-3. Required Initial Competition Plan Content

Per 49 USC § 47106(f), Competition Plans must include…	Per FAA policy, the following information must be provided to meet the requirements in 49 USC § 47106(f):
a. The availability of airport gates and related facilities.	**(1)** Number of gates available at the airport by lease arrangement, i.e., exclusive, preferential, or common-use, and current allocation of gates. **(2)** Whether any air carriers that have been serving the airport for more than three years are relying exclusively on common-use gates. **(3)** Diagram of the airport's concourses. **(4)** Description of gate use monitoring policies, including any differences in policy at gates subject to Passenger Facility Charge assurance # 7 and samples of gate use monitoring charts, along with a description of how the charts are derived and how they are used by the airport. **(5)** Description of the process for accommodating new service and for service by a new entrant. **(6)** Description of any instances in which the Passenger Facility Charge competitive assurance #7 operated to convert previously exclusive-use gates to preferential-use gates or it caused such gates to become available to other users. **(7)** Gate utilization (departures/gate) per week and month reported for each gate. **(8)** The circumstances of accommodating a new entrant or expansion during the 12 months preceding filing, including the length of time between initial carrier contact of airport and start of service, the identity of the carriers and how they were accommodated. **(9)** Resolution of any access complaints by a new entrant or an air carrier seeking to expand service during the 12 months preceding the filing, including a description of the process used to resolve the complaint. **(10)** Use/lose, or use/share policies and recapture policies for gates and other facilities. If no such policies exist, an explanation the role, if any under-utilized gates play in accommodating carrier requests for gates must be provided. **(11)** Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport and methods of accommodating new gate demand by air carriers at the airport (common-use, preferential-use, or exclusive-use gates). **(12)** Availability of an airport competitive access liaison to assist requesting carriers, including new entrants. **(13)** Number of aircraft remain overnight (RON) positions available at the airport by lease arrangement, i.e. exclusive, preferential, common-use or unassigned, and distribution by carrier. This should include a description of the procedures for monitoring and assigning RON positions and for communicating availability of RON positions to users.

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Table X-3. Required Initial Competition Plan Content

Per 49 USC § 47106(f), Competition Plans must include…	Per FAA policy, the following information must be provided to meet the requirements in 49 USC § 47106(f):
b. Leasing and subleasing arrangements.	**(1)** Whether a subleasing or handling arrangement with an incumbent carrier is necessary to obtain access. **(2)** How the airport assists requesting airlines to obtain a sublease or handling arrangement. **(3)** Airport polices for sublease fees levels (e.g. maximum 15 percent above lease rates), and for oversight of fees, ground/handling arrangements and incumbent schedule adjustments that could affect access to subtenants. **(4)** Process by which availability of facilities for sublease or sharing is communicated to other interested carriers and procedures by which sublease or sharing arrangements are processed. **(5)** Procedures for resolving disputes or complaints among carriers regarding use of airport facilities, including complaints by subtenants about excessive sublease fees or unnecessary bundling of services. **(6)** Resolution of any disputes over subleasing arrangements in the 12 months preceding filing. **(7)** Accommodation of independent ground service support contractors, including ground handling, maintenance, fueling, catering or other support services. **(8)** Copies of lease and use agreements in effect at the airport.
c. Gate use requirement.	**(1)** Gate use monitoring policy, including schedules for monitoring, basis for monitoring activity (i.e., airline schedules, flight information display systems, etc.), and the process for distributing the product to interested carriers. **(2)** Requirements for signatory status and identity of signatory carriers. **(3)** Where applicable, minimum use requirements for leases (i.e., frequency of operations, number of seats, etc.). **(4)** The priorities, if any, employed to determine carriers that will be accommodated through forced sharing or sub-leasing arrangements. This must include a description of how these priorities are communicated to interested carriers. **(5)** Justifications for any differences in gate use requirements among tenants. **(6)** Usage policies for common-use gates, including, where applicable, a description of priorities for use of common-use gates. This should include an explanation of how these priorities are communicated to interested carriers. **(7)** Methods for calculating rental rates or fees for leased and common-use space. This should include an explanation of the basis for disparities in rental fees for common-use versus leased gates.

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Table X-3. Required Initial Competition Plan Content

Per 49 USC § 47106(f), Competition Plans must include…	Per FAA policy, the following information must be provided to meet the requirements in 49 USC § 47106(f):
d. Gate-assignment policy.	**(1)** Gate assignment policy and method of informing existing carriers and new entrants of this policy. This must include standards and guidelines for gate usage and leasing, such as security deposits, minimum usage, if any, fees, terms, master agreements, signatory and non-signatory requirements. **(2)** Methods for announcing to tenant carriers when gates become available. The description must discuss whether all tenant air carriers receive information on gate availability and terms and conditions by the same process at the same time. **(3)** Methods for announcing to non-tenant carriers, including both those operating at the airport and those that have expressed an interest in initiating service, when gates become available; and policies on assigning remain overnight (RON) positions and how RON position availability announcements are made.
e. Financial constraints.	**(1)** The major source of revenue at the airport for terminal projects. **(2)** Rates and charges methodology (residual, compensatory, or hybrid). **(3)** Past use, if any, of Passenger Facility Charges for gates and related terminal projects. **(4)** Availability of discretionary income for airport capital improvement projects.
f. Airport controls over air and ground-side capacity.	**(1)** Majority-in-interest (MII) or *no further rates and charges* clauses covering groundside and airside projects. **(2)** Any capital construction projects that have been delayed or prevented because an MII was invoked. **(3)** Plans, if any, to modify existing MII agreements.
g. Whether the airport intends to build or acquire gates that would be used as common facilities.	**(1)** The number of common-use gates that the airport intends to build or acquire and the timeline for completing the process of acquisition or construction. This must include a description of the intended financing arrangements for these common-use gates, and whether the gates will be constructed in conjunction with preferential or exclusive-use gates. **(2)** Whether common-use gates will be constructed in conjunction with gates leased through exclusive or preferential-use arrangements. **(3)** Whether gates being used for international service are available for domestic service. **(4)** Whether air carriers that only serve domestic markets now operate from international gates. This must include a description and explanation of any disparity in their terminal rentals versus domestic terminal rentals.

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Table X-3. Required Initial Competition Plan Content

Per 49 USC § 47106(f), Competition Plans must include…	Per FAA policy, the following information must be provided to meet the requirements in 49 USC § 47106(f):
h. Per 49 USC § 47107(a)(15), the method for making the Competition Plan available to the public.	**(1)** 49 USC § 47107(a)(15) requires sponsors to make special airport financial reports available to the public. Therefore, the Competition Plan must include the covered airport's method of satisfying this requirement. If web posting is employed, the filing must identify the precise web address where the Competition Plan material may be found. Per FAA policy, if a web posting is not employed, the reasons for this decision must be discussed in the submission.

X-7. Competition Plan Update Contents.

Per FAA Policy, Competition Plan updates must include the information in Table X-4.

Table X-4. Required Competition Plan Update Content

Per FAA Policy, Competition Plan updates must include also include…
a. Changes from Last FAA Approval. Information regarding new relevant changes in competitive circumstances at the airport since the previous FAA approval. If there have been no changes in competitive filing information, the airport must state that there has been no change since the previous plan approval. For new master lease agreements or significantly amended lease agreements, this includes a copy of the agreement, a written description of the changes in lease terms, and leasing practices or policies included in the lease document.
b. Reasons for Not Instituting FAA Recommendations. In instances in which the FAA has recommended that an airport adopt a particular management or operating practice and the airport has declined the recommendation, per FAA policy, the airport must explain the activities and/or procedures it is performing that would achieve the same result as the FAA's recommended practice.
c. Responses to FAA Questions. Responses to questions raised or recommendations included in previous FAA approvals.
d. Public Availability. 49 USC § 47107(a)(15) requires sponsors to make special airport financial reports available to the public. Therefore, the Competition Plan update must include the covered airport's method of satisfying this requirement. If web posting is employed, the filing must identify the precise web address where the Competition Plan update material may be found. If a web posting is not employed, the reasons for this decision must be discussed in the submission.

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X-8. Sponsor Guidance.

Additional guidance that sponsors can use to reduce barriers to entry and enhance competitive access is contained in the current version of the document titled Highlights of Reported Actions to Reduce Barriers to Entry and Enhance Competitive Access. Additional useful information is contained in the U.S Department of Transportation report titled Airport Business Practices and Their Impact on Airline Competition. See Appendix B for references and links to these documents.

X-9. Plan Review Process.

Per FAA policy, a joint OST/FAA team will review each plan to determine that the Competition Plan or Competition Plan update satisfies statutory requirements. APP-1 will advise the covered airport and the applicable regional office and ADO of all acceptances, identified deficiencies, or rejections in writing. The OST/FAA team has the option to contact the airport informally during the course of the Competition Plan review. This contact will generally take the form of a telephone conference call and may include a site visit.

X-10. Additional FAA Actions.

Per FAA policy, the FAA has the option to periodically review the implementation of competition plans of all covered airports and may conduct site visits to meet our obligation to ensure that each covered airport successfully implements its approved plan.

X-11. Plan Development Eligibility.

Per FAA Policy, competition plans and updates are only eligible for AIP funding as part of an eligible master planning project (not as a stand-alone project). Additionally, the scope of work for full master planning studies and updates for the full study must include a Competition Plan development or update as part of the effort (if the studies or updates include a review of terminal development and the airport is a covered airport). However, this requirement would not apply to master planning efforts that are either minor in scope or that are occurring at times that would create a duplication of effort with recently completed plans or updates.

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Appendix Y. Buy American Guidance

Y-1. General Sponsor Buy American Requirements.

The Buy American Preferences under 49 USC § 50101 require that all steel and manufactured goods used in AIP funded projects be produced in the United States. Under 49 USC § 50101(c), ground transportation demonstration projects in 49 USC § 47127 are excluded. Sponsors must complete one of the three requirements in Table Y-1 for the AIP projects (including ineligible or non-AIP funded work included in the same contract).

Table Y-1. General Sponsor Buy American Requirements

All sponsors must complete one of the following for AIP funded projects…
(1) Certify, in writing, all products are wholly produced in America and are of 100 percent U.S. materials.
(2) Certify that all equipment that is being used on the project is on the Nationwide Buy American conformance list.
(3) Request a waiver to use non-US produced products.

Y-2. Buy American Waiver Process.

Under 49 USC § 50101(b) and 49 CFR Subtitle A § 1.83(a)(11), the FAA is given the authority to waive these Buy American Preferences if certain market or product conditions exist. Many pieces of equipment are constructed with some non-US produced components or subcomponents. Therefore, it is expected that the sponsor will have to request a waivers on a majority of projects (unless the project is constructed of materials that already have a nationwide waiver). The four types of Buy American waivers that the FAA may be issued are listed in Table Y-2.

Table Y-2. Criteria by Buy American Waiver Type

For the following ….	The following criteria apply…
Type I Waiver	Per 49 USC § 50101(b)(1), the FAA can issue this type of waiver if the FAA determines that applying the Buy American requirements would be inconsistent with the public interest. Due to the possible national implications of such a waiver, APP-500 is responsible for reviewing and issuing Type I Waivers.
Type II Waiver	Per 49 USC § 50101(b)(2), the FAA can issue this type of waiver for equipment or construction material if the FAA determines that the goods are not produced in a sufficient and reasonably available amount or are not of a satisfactory quality. Type II Waivers can only be issued on the equipment/construction material level and cannot be issued for a system and/or facility that is comprised of various pieces of equipment/construction material. These waivers are issued by APP-500, after the FAA publishes a Federal Register Notice asking manufacturers to advise the FAA if they manufacture the equipment/material that is seeking a waiver and if their product

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Table Y-2. Criteria by Buy American Waiver Type

For the following ….	The following criteria apply…
	meets the FAA specifications and Buy American requirements. After manufacturers respond to this notice, APP-500 will make a determination if there is insufficient quantity or quality.
Type III Waiver	Per 49 USC § 50101(b)(3), the FAA can issue this type of waiver if the FAA determines that 60% or more of the components and subcomponents in the equipment/facility are of U.S. origin and their final assembly is in the United States. A Type III Waiver cannot be issued at the system level and must be issued for each piece of equipment; however, in the case of facilities a Type III Waiver may be issued for the entire facility if all the construction materials when combined meet the 60% U.S. origin requirement. The ADO may issue these waivers. For block grant state projects, only the FAA (usually the ADO) may issue the waivers. Block grant states are not allowed to issue a waiver. To complete a Type III Waiver request the following supporting documentation must be submitted by the requester: **(1)** A completed Buy American Content Percentage Calculation Worksheet. Per 49 USC § 50101(c), labor costs at final assembly must be excluded from this worksheet. This is because the Buy American statute is based on the cost of materials and equipment, not labor. **(2)** A completed Final Assembly Questionnaire. Final assembly in the United States must meet the standard defined below under *Final Assembly Location*. **(3)** The manufacturer must certify in writing that any major structural steel used in their equipment is of 100 percent US origin. Small amounts of steel that are used in components and subcomponents, that are not structural steel, may be of foreign origin. This would typically consist of nuts, bolts and clips. For these types of steel, the manufacturer must indicate the use of the steel (nuts, bolts, clips, etc.) and must count this steel as non-US origin when completing the Content Percentage Calculation Form.
Type IV Waiver	Per 49 USC § 50101(b)(4), the FAA can issue this type of waiver if the FAA determines that applying Buy American requirements increases the cost of the overall project by more than 25%. The ADO may issue these waivers. For block grant state projects, only the FAA (usually the ADO) may issue the waivers. Block grant states are not allowed to issue a waiver. In order to issue this type of waiver, the FAA must determine that there is at least one bid from a Buy American compliant supplier to make the 25% cost increase determination. Per FAA policy, after the ADO reviews the waiver request, the ADO must send a notification to the requester informing them of the approval or disapproval of the waiver. The ADO must use the following language in this notification for project specific waivers: *I have reviewed the request for Waiver of Buy American Requirement submitted by XXX for the use of XXXXX equipment on the subject project. The waiver is hereby approved for use on this AIP grant project*. The ADO must place a copy of the notifications in the grant file. Following this notification no further action is required.

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Y-3. National Buy American Waiver.

APP-500 may issue National Waivers for certain equipment/material that is used frequently in AIP funded projects. APP-500 will list these National Waivers on the FAA Office of Airports website under the Buy American Conformance List. Any equipment or materials on the Buy American Conformance List do not need additional waiver materials. All personnel not in APP-500 must direct any manufacturer seeking to be added to this Buy American Conformance List to APP-500.

Y-4. Definitions.

To assist in making Buy American Waiver determinations the following definitions apply:

Table Y-3. Buy American Specific Definitions

Buy American Waiver specific definitions include…
Project. The *Project* is generally the project that is being bid or procured. The *Project* does not extend over multiple grants or phases, even though the overall project may be phased or may be built in multiple bid packages.
Facility or Equipment. This will be defined differently depending on the project. For a building, the portion of the building that is being funded under the AIP grant is the *facility* listed in the waiver. For other projects, the bid items as described in the current version of Advisory Circular 150/5370-10, Standards for Specifying Construction of Airports, will generally be the *equipment* referred to in the waiver except for airfield electrical equipment. For airfield electrical equipment, the L- items listed in the Addendum to the current version of Advisory Circular 150/5345-53, Airport Lighting Equipment Certification Program, will generally be the *equipment* referred to in the waiver. For a vehicle or single piece of equipment like a snow plow or ARFF vehicle, the single vehicle itself is the *equipment*.
Final Assembly Location. Final assembly is a process whereby assembly is meaningful and complex utilizing a substantial amount of time and resources, a number of different assembly operations, and a high level of skilled labor. The Final Assembly Questionnaire must be completed in order to determine whether final assembly occurs at the recorded site.
Nonavailable Items. By FAA policy, the list of items that have been determined nonavailable per 48 CFR § 25.104 are excluded from the Buy American preference requirements for AIP funded projects. This list includes petroleum products, therefore, asphalt is a nonavailable item per this list. In addition, the FAA has determined that cement and concrete are also nonavailable items excluded from the Buy American preference requirements (although the steel used for reinforcement, ties, stirrups, etc. must meet Buy American).

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Appendix Z. Grant Assurances

Z-1. General.

There are three sets of grant assurances. They are Sponsor (see Paragraph Z-2), Non-Sponsors Undertaking Noise Compatibility Program Projects (see Paragraph Z-3) and Planning Agency, (see Paragraph Z-4). The sets include only those assurances that apply to the project and/or sponsor type. For each sponsor type, Table 2-4 lists the entities that qualify for that sponsor type, the types of projects they may receive a grant for, and the set of grant assurances they must follow.

Z-2. Sponsors (4/2012).

These assurances are available on the FAA Office of Airports website and will be added here before final publication.

Z-3. Non-Airport Sponsors Undertaking Noise Compatibility Program Projects (3/2005).

These assurances are available on the FAA Office of Airports website and will be added here before final publication.

Z-4. Planning Agency Sponsors (9/1999).

These assurances are available on the FAA Office of Airports website and will be added here before final publication.

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