



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

CHAPTER 4 – GRANT MANAGEMENT PROCESS

TABLE OF CONTENTS

Chapter 4 – Grant Management Process	4-1
4-1. Overview	4-5
4-1.1. Pre-Grant Readiness	4-5
4-1.2. Advancement of Projects in the Airports Capital Improvement Plan (ACIP)	4-5
4-2. Grant Programming	4-6
4-2.1. Preliminary Project Grant applications	4-6
4-2.1.1. Airport Sponsor Preliminary Applications	4-6
4-2.1.2. State Block Grant Program (SBGP) Programming Information	4-7
4-2.1.3. Various Locations Preliminary Applications	4-7
4-2.2. Preliminary Project Grant Programming Actions	4-7
4-2.2.1. Project Evaluation Report and Development Analysis (PERADA)	4-8
4-2.3. Requirements That May Be Delayed	4-8
4-3. Grant Application	4-9
4-3.1. Final Project Grant Applications	4-9
4-3.1.1. Airport Sponsor Applications	4-9
4-3.1.2. State Block Grant Program Applications	4-9
4-3.1.3. Various Locations Applications	4-10
4-3.2. Grant Application Submission	4-10
4-3.2.1. Application Content	4-10
4-3.2.2. Consistency with Programmed Project	4-12
4-3.2.3. Submission Timing	4-12
4-3.3. Grant Application Review	4-12
4-3.3.1. Required Grant Approval Determinations	4-12
4-3.3.2. Permitted Funds	4-13
4-3.3.3. Apportionment Use	4-14
4-3.3.4. Readiness to Issue Grant Offer	4-14
4-4. Grant Offer And Execution	4-14

31 4-4.1. Reservation of Funds4-15

32 4-4.2. Grant Offer Package4-15

33 4-4.3. Special Conditions.....4-16

34 4-4.4. Grant Assurances and Sponsor Certifications.....4-17

35 4-4.5. Issuance and Acceptance of the Grant Offer4-17

36 4-4.5.1. Sponsor Review of the Grant Offer4-18

37 4-4.5.2. Acceptance of the Grant Offer4-18

38 4-4.6. Grant Execution4-19

39 4-5. Grant Oversight.....4-19

40 4-5.1. Overview of Post-Award Oversight.....4-19

41 4-5.2. Risk-Based Oversight.....4-20

42 4-5.3. Grant File Documentation.....4-20

43 4-5.4. Project Conferences.....4-20

44 4-5.5. Construction Management Programs.....4-21

45 4-5.6. Notice To Proceed4-21

46 4-5.7. Inspections.....4-21

47 4-5.8. Planning and Environmental Study Grant Meetings.....4-22

48 4-5.9. Planning and Environmental Project Forecasts4-22

49 4-5.10. Performance Reports4-22

50 4-5.10.1. Non-Construction Projects.....4-22

51 4-5.10.2. Construction Projects.....4-23

52 4-5.11. Annual Reporting of Residential Population Benefits.....4-23

53 4-5.12. Final Inspection.....4-23

54 4-6. Contract Changes, Amendments, And Payments4-23

55 4-6.1. Contract Changes and Cost Reasonableness4-24

56 4-6.1.1. Sponsor Responsibilities for Contract Changes4-24

57 4-6.1.2. ARP Field Office Review of Contract Changes.....4-25

58 4-6.1.3. Buy American Requirement for contract changes4-26

59 4-6.1.4. Errors and Omissions (e&O).....4-26

60 4-6.1.5. Allowable vs Non-allowable Contract Changes4-26

61 4-6.2. Grant Amendments4-27

62 4-6.2.1. Sponsor Request Package and Timing Expectations.....4-28

63 4-6.2.2. Amendment Formats and “What the Sponsor Should Expect”.....4-28

64 4-6.2.3. Using Real Property or Equipment Toward the Sponsor Share4-32

65 4-6.2.4. General Policy4-32

66 4-6.2.5. Donated Land.....4-32

67 4-6.2.6. Previously Acquired Land.....4-33

68 4-6.2.7. Donated Labor, Materials, Equipment, or Services.....4-34

69 4-6.2.8. Credit Calculation and Grant Documentation.....4-34

70 4-6.3. Grant Payments.....4-34

71 4-6.3.1. Cost Eligibility and Timing of Costs4-35

72 4-6.3.2. Payment Authority.....4-35

73 4-6.3.3. Advance Payment Method4-35

74 4-6.3.4. Limitation on Early Payments4-36

75 4-6.3.5. Payment Request Requirements.....4-36

76 4-6.3.6. Reduction or Withholding of Payments.....4-37

77 4-6.3.7. Retainage and Disputed Costs4-37

78 4-6.3.8. Land acquisition payment limitations.....4-38

79 4-6.3.9. Inactive Grant Payment Activity4-38

80 4-6.3.10. Improper Payments4-38

81 4-6.4. Financial Reporting and Record Retention4-38

82 4-6.4.1. Financial Management Systems Requirements.....4-39

83 4-6.4.2. Federal Financial Reporting4-39

84 4-6.4.3. Internal Controls4-39

85 4-6.4.4. Interest Earned on Federal Funds.....4-39

86 4-6.4.5. Record Retention4-40

87 4-6.4.6. Access to Records4-40

88 4-7. Grant Suspension And Termination4-40

89 4-7.1. FAA Remedies for Noncompliance.....4-40

90 4-7.2. Grant Suspension4-41

91 4-7.3. Grant Termination.....4-41

92 4-7.3.1. Termination for Cause.....4-41

93 4-7.3.2. Termination for Convenience.....4-41

94 4-8. Grant Closeout4-42

95 4-8.1. Closeout Triggers.....4-42

96 4-8.2. Period of Performance (POP).....4-42

97 4-8.2.1. Physical Completion.....4-43

98 4-8.2.2. Financial Completion4-44

99 4-8.3. Sponsor Closeout Submittal Responsibilities.....4-44

100 4-8.4. Final Financial Reconciliation.....4-46

101 4-8.5. Final Payment.....4-47

102 4-8.6. Final Project Determination.....4-47

103 4-8.7. Determination of Unused Funds.....4-47

104 4-8.8. Closeout Completion4-47

105 4-9. Post-Close Out Actions.....4-47

106 4-9.1. Record Retention Requirements.....4-48

107 4-9.2. Reopening Closed Grants.....4-48

108 4-9.3. Audit Requirements.....4-48

109 4-9.3.1. Single Audit Requirements4-48

110 4-9.3.2. Additional Audits and Reviews4-49

111 4-9.4. Disposition of AIP-Funded Equipment.....4-49

112 4-9.4.1. Equipment with Fair Market Value (FMV) At or Above Federal Threshold.....4-49

113 4-9.5. Disposition of AIP-Funded Land.....4-49

114 4-9.5.1. Use of Proceeds from Land Disposal4-50

115

116 **LIST OF TABLES**

117 Table 4-3.1. Typical Project Grant Application Documentation4-10

118 Table 4-3.2. Grant Application Package Requirements4-11

119 Table 4-3.3. Grant Approval Determination Requirements4-13

120 Table 4-4.1. Grant Offer Package Requirements4-15

121 Table 4-4.2. Special Conditions in AIP Grants4-16

122 Table 4-4.3. Steps and Requirements for Sponsor Grant Acceptance4-18

123 Table 4-6.1. Contract Change and Amendment Documentation Requirements4-24

124 Table 4-6.2. Allowability of Contract Change Order Costs4-26

125 Table 4-6.3. Allowability of Professional Services Agreement Changes.....4-27

126 Table 4-6.4. Grant Amendment Considerations.....4-28

127 Table 4-6.5. Maximum Grant Amendment Increases4-31

128 Table 4-6.6. Valuation Rule4-33

129 Table 4-8.1. Sponsor Closeout Documentation Requirements.....4-45

130 Table 4-9.1. Disposition of Equipment with Significant Fair Market Value4-49

131

132 **Chapter 4, *Grant Management Process***, addresses the statutory and regulatory requirements governing
 133 the programming, award, and administration of AIP project grants for airport planning and development.

134 The chapter follows the lifecycle of an AIP grant from initial programming through grant closeout and
 135 post-closeout responsibilities. It establishes ARP Field Office and sponsor responsibilities for:

- 136 ▪ Grant programming;
- 137 ▪ Grant application;
- 138 ▪ Grant offer and execution;
- 139 ▪ Grant oversight;
- 140 ▪ Contract changes, amendments, and payments;
- 141 ▪ Grant suspension and termination;
- 142 ▪ Grant closeout; and
- 143 ▪ Post-closeout actions.

144 This chapter builds on the grant prerequisites described in [Chapter 3, *Grant Prerequisites*](#), and provides
 145 the requirements that apply once a project is ready to move toward a grant award.

146 4-1. OVERVIEW

147 [Title 49 U.S.C. § 47104](#) authorizes the Secretary of Transportation to make AIP project grants to
 148 “maintain a safe and efficient nationwide system of public-use airports that meets the present and
 149 future needs of civil aeronautics.” A project grant is defined in [49 U.S.C. § 47102](#) as “a grant of money the
 150 Secretary makes to a sponsor to carry out at least one project.”

151 [Title 49 U.S.C. § 47102](#) defines the term “sponsor” as the public agency or private owner of a public-use
 152 airport that submits an application for financial assistance. [Chapter 1, *Key Principles of the AIP*](#), outlines
 153 the types of sponsors eligible to apply for project grants under 49 U.S.C. Chapters [471](#) and [475](#).
 154 Throughout this Chapter, references to sponsors include all eligible sponsor types unless a provision
 155 specifically identifies a particular sponsor category (for example, State sponsors participating in the State
 156 Block Grant Program or SBGP).

157 4-1.1. PRE-GRANT READINESS

158 Before a grant may be issued, the FAA must confirm that all applicable statutory and regulatory
 159 prerequisites have been satisfied. These prerequisites are established in [Chapter 3](#) and include
 160 requirements related to planning, environmental compliance, civil rights, sponsor capability, and project
 161 eligibility.

162 This section does not restate those requirements but serves as the transition from the completion of
 163 [Chapter 3](#) prerequisites to the grant processes described in this Chapter.

164 4-1.2. ADVANCEMENT OF PROJECTS IN THE AIRPORTS CAPITAL IMPROVEMENT PLAN (ACIP)

165 If a sponsor proposes to advance a project planned for a later fiscal year in the ACIP, the project must be
 166 ready to proceed and capable of meeting all applicable statutory and regulatory requirements, including
 167 the prerequisites identified in [Chapter 3](#) and the applicable project appendix.

168 Advancing a project in the ACIP does not change the requirements for grant issuance. Regardless of
 169 when a project is programmed in the ACIP, a grant may only be issued once the project satisfies all
 170 applicable AIP requirements.

171 Sponsors should coordinate proposed schedule changes with the ARP Field Office to confirm that the
 172 project remains eligible for potential AIP funding and can be accommodated within the current ACIP.

173 Additional information on the development and management of the National Plan of Integrated Airport
 174 Systems (NPIAS) and the ACIP is provided in [FAA Order 5090.5, Formulation of the NPIAS and ACIP](#). That
 175 Order explains how airport development needs are identified, prioritized, and incorporated into the ACIP
 176 for potential AIP funding.

177 4-2. GRANT PROGRAMMING

178 Following submission of a sponsor's request for funding, the FAA evaluates the proposed project and
 179 determines whether it may be programmed for a potential grant award. Grant programming includes
 180 identifying the proposed project in the ACIP, identifying the anticipated funding source, and confirming
 181 that applicable statutory, regulatory, and program requirements have been satisfied before a grant offer
 182 may be issued.

183 While grant programming focuses on initial project preparation, a final project grant application meeting
 184 all statutory and regulatory requirements must be submitted to the ARP Field Office before grant
 185 execution. Details on this final application process, which represents the transition from programming to
 186 final grant award, are provided in [Section 4-3.1, Final Project Grant Applications](#).

187 In limited circumstances, where a requirement is expressly permitted to be completed after grant
 188 execution, the ARP Field Office may proceed with grant execution only when conditions described in
 189 [Section 4-2.3, Requirements That May be Delayed](#), are satisfied.

190 4-2.1. PRELIMINARY PROJECT GRANT APPLICATIONS

191 A sponsor must submit a written request for funding, in accordance with [49 U.S.C. § 47105](#), before the
 192 ARP Field Office may begin preliminary grant programming. Sponsors must:

- 193 ▪ Complete applicable project grant prerequisites, including those identified in [Chapter 3](#) and the
 194 applicable project appendices, prior to the issuance of a grant offer, and
- 195 ▪ Provide sufficient information to support preliminary grant programming, including identification
 196 of the proposed project, anticipated funding sources, and the sponsor's readiness to proceed.

197 Additional requirements for submitting final project grant applications are described in [Section 4-3.1,](#)
 198 [Final Project Grant Applications](#).

199 4-2.1.1. AIRPORT SPONSOR PRELIMINARY APPLICATIONS

200 To initiate preliminary grant programming, the ARP Field Office may accept an airport sponsor's written
 201 notice of intent identifying:

- 202 ▪ The proposed project(s) included in the current ACIP and consistent with the approved Airport
 203 Layout Plan (ALP), when applicable, and
- 204 ▪ The anticipated funding source(s) the sponsor proposes to use for the project.

205 If the sponsor's notification does not provide sufficient information to support preliminary grant
 206 programming, the ARP Field Office may request additional information or a preliminary project grant
 207 application before proceeding further with programming.

208 Projects associated with Letters of Intent (LOIs), Small Airport Letters of Intent (SALOs), or multi-year
209 grant arrangements may proceed with preliminary programming consistent with the terms of the
210 applicable agreement and available funding.

211 4-2.1.2. STATE BLOCK GRANT PROGRAM (SBGP) PROGRAMMING INFORMATION

212 SBGP States provide programming information through their Capital Improvement Plans (CIP) and
213 through coordination with the ARP Field Office in accordance with the [SBGP MOA](#).

214 Each fiscal year, States participating in the SBGP must submit CIPs for covered airports to the appropriate
215 ARP Field Office in accordance with the [SBGP MOA](#). The CIPs identify proposed eligible projects for
216 covered airports and include descriptions of the scope of work for each project (whether single phase or
217 multiple phases), along with the funding types and amounts requested.

218 The ARP Field Office reviews the proposed projects to determine whether they are eligible and justified
219 and whether the planned funding aligns with applicable statutory requirements. Projects that meet
220 these requirements may be included in the FAA's grant management system for programming purposes.

221 SBGP States must coordinate with the ARP Field Office regarding the planned use of funding for the fiscal
222 year and provide sufficient programming information, consistent with the [SBGP MOA](#) and any applicable
223 Federal Register Notice (FRN), to allow the ARP Field Office to evaluate and program proposed projects.

224 4-2.1.3. VARIOUS LOCATIONS PRELIMINARY APPLICATIONS

225 In accordance with [49 U.S.C. § 47105](#), a State may act as the sponsor for an airport development project
226 benefitting one or more airports within its jurisdiction through a "various locations" grant. This approach
227 allows a State to include similar work across multiple airports under a single project grant, provided the
228 airport and funding types are permitted by statute.

229 "Various locations" grants differ from SBGP grants. Under a SBGP grant, the State acts on the FAA's
230 behalf to administer the AIP for nonprimary airports. But under a "various locations" grant, one sponsor
231 receives a single grant covering multiple airports with each airport's project identified separately (*e.g.*,
232 through individual project line items), including the specific scopes of work and associated funding for
233 each location.

234 States may receive available funding sources, including State Apportionment (SA), State Insular (SI),
235 Alaska Supplemental (AS), and nonprimary or cargo entitlements, as applicable, consistent with statutory
236 eligibility requirements.

237 Projects included in a grant for various locations must be consistent with the current ACIP for each
238 airport. Each airport sponsor included in the grant must provide written consent for the State to act as
239 the sponsor.

240 The State must provide sufficient information to support grant programming, including identification of
241 participating airports, project scopes, and associated funding amounts, as coordinated with the ARP
242 Field Office. The State must provide [FAA Form 5100-128, Agreement on State Sponsorship and Airport
243 Sponsor Obligations](#), for each participating airport as part of the complete grant application or confirm
244 that it will be submitted with the complete application.

245 4-2.2. PRELIMINARY PROJECT GRANT PROGRAMMING ACTIONS

246 Preliminary project grant programming may begin after the sponsor has submitted a request for funding
247 in accordance with [Section 4-2.1, Preliminary Project Grant Applications](#), and applicable statutory
248 requirements outlined in [Chapter 3](#).

249 Before proceeding with programming, the project must meet applicable statutory and regulatory
 250 requirements, including the pre-grant readiness requirements described in [Section 4-1.1, Pre-Grant](#)
 251 [Readiness](#), and eligibility and justification requirements described in [Chapter 2, Eligibility & Justification](#),
 252 and the applicable project appendices.

253 When a project grant includes multiple projects, each project must meet applicable eligibility,
 254 justification, and funding requirements.

255 In limited circumstances, certain pre-award requirements may be satisfied after grant execution when
 256 permitted by statute or regulation (see [Section 4-2.3, Requirements That May Be Delayed](#)).

257 4-2.2.1. PROJECT EVALUATION REPORT AND DEVELOPMENT ANALYSIS (PERADA)

258 A Project Evaluation Report and Development Analysis (PERADA) is an optional internal checklist that
 259 may be used by the ARP Field Office to support the evaluation of a proposed project (see [FAA Form](#)
 260 [5100-109, Airport Improvement Program Project Evaluation Review and Development Analysis](#)).

261 Use of a PERADA is not required for all projects and may be applied at the ARP Field Office's discretion. It
 262 is typically used for projects that are complex, high-cost, or high-visibility; involve discretionary funding;
 263 or have unique eligibility or funding considerations. A PERADA documents the evaluation of the
 264 proposed project, including eligibility and justification, funding considerations, planning and
 265 environmental readiness, and other relevant factors.

266 Regardless of whether a PERADA is used, documentation that applicable statutory, regulatory, and grant
 267 requirements have been reviewed before grant programming is maintained in the grant file and may be
 268 in the form of a PERADA or equivalent documentation.

269 Preparation and approval procedures for PERADAs are provided in Airports Standard Operating
 270 Procedure (SOP) 6.00, [FAA Review and Approval of an AIP Grant Application](#).

271 4-2.3. REQUIREMENTS THAT MAY BE DELAYED

272 In general, a grant agreement is not executed until all statutory and regulatory requirements have been
 273 met.

274 In limited circumstances, certain pre-award requirements may be completed after grant execution when
 275 permitted by the statute, regulation, or controlling policy. Prior to grant execution, the ARP Field Office
 276 determines whether the requirement may be completed after award and establishes appropriate
 277 controls to ensure timely completion. When a requirement is permitted to be completed after grant
 278 execution, the grant must include appropriate special conditions that:

- 279 ▪ Identify the requirement;
- 280 ▪ Establish a timeframe for completion; and
- 281 ▪ Limit reimbursement or grant activity until the requirement is satisfied as appropriate.

282 If a requirement cannot be delayed, a grant is not issued until the requirement has been satisfied.
 283 Examples include statutory and regulatory prerequisites to grant approval or requirements necessary to
 284 establish the sponsor's legal authority to carry out the project. [See 49 U.S.C. §§ [47105](#), [47106](#), and
 285 [47107](#); See also 2 CFR Part [180](#) and [1200](#).]

286 Any uncertainty regarding whether a requirement may be delayed must be coordinated with ARP
 287 Headquarters prior to grant execution.

288 4-3. GRANT APPLICATION

289 The grant application process represents the transition from project programming to submission of a
 290 sponsor's final request for Federal funding. Sponsors must submit a final project grant application to the
 291 ARP Field Office that includes sufficient information and documentation to demonstrate that the
 292 proposed project meets statutory and program requirements for AIP funding requirements.

293 The application must demonstrate project eligibility and justification, sponsor capability, compliance
 294 with planning and environmental requirements, and final project scope, costs, and funding sources.
 295 Based on this information, the ARP Field Office evaluates the application to determine whether the
 296 proposed project meets the statutory and program requirements necessary to proceed with grant
 297 issuance as described in [Section 4-4, Grant Offer and Execution](#).

298 4-3.1. FINAL PROJECT GRANT APPLICATIONS

299 Before a grant offer may be issued, the sponsor must submit a final project grant application that meets
 300 all applicable statutory and regulatory requirements to the ARP Field Office.

301 A final project grant application provides the information necessary for the ARP Field Office to determine
 302 that the proposed project satisfies statutory grant approval requirements and that the sponsor is
 303 prepared to accept and carry out the grant. A final application must demonstrate that:

- 304 ▪ The project is included in the ACIP and the NPIAS;
- 305 ▪ The project is consistent with the approved ALP, when applicable;
- 306 ▪ The project is eligible and justified in accordance with [Chapter 2](#) and the applicable project
 307 appendices;
- 308 ▪ The sponsor has the financial capability to carry out the project;
- 309 ▪ The project will be carried out in accordance with Federal procurement requirements; and
- 310 ▪ The sponsor is prepared to comply with all applicable Federal requirements and [grant](#)
 311 [assurances](#).

312 The application must also include the final project scope and cost, typically based on bids, negotiated
 313 agreements, or other acceptable cost documentation, as well as the required certifications and project-
 314 specific documentation identified in this Order.

315 After receiving a complete final project grant application, the ARP Field Office may proceed with
 316 preparation of the grant offer.

317 4-3.1.1. AIRPORT SPONSOR APPLICATIONS

318 Airport sponsors must submit a complete application consistent with this section and applicable
 319 statutory and regulatory requirements.

320 4-3.1.2. STATE BLOCK GRANT PROGRAM APPLICATIONS

321 For projects administered under the SBGP, the State must submit a complete project grant application on
 322 behalf of the covered airport in accordance with the [SBGP MOA](#) and applicable statutory and regulatory
 323 requirements.

324 The State is responsible for ensuring that all applicable requirements are satisfied and that required
 325 documentation and certifications from subaward recipients are obtained and maintained in accordance
 326 with the [SBGP MOA](#).

327 Although the FAA issues the grant to the State, airport sponsors receiving subawards remain responsible
 328 for complying with all applicable AIP requirements.

329 **4-3.1.3. VARIOUS LOCATIONS APPLICATIONS**

330 For “various locations” grants, the sponsor must submit a complete application that demonstrates that
 331 all projects included in the grant meet applicable eligibility, justification, and funding requirements.

332 When a State acts as the sponsor under [49 U.S.C. § 47105](#), the State is responsible for ensuring that all
 333 applicable requirements are satisfied for each airport included in the grant.

334 **4-3.2. GRANT APPLICATION SUBMISSION**

335 Submission of a grant application represents the sponsor’s request for Federal assistance for the
 336 proposed project and must reflect the final scope of work, funding sources, and costs for which Federal
 337 participation is requested.

338 A grant application must be complete before the ARP Field Office may issue a grant offer.

339 **4-3.2.1. APPLICATION CONTENT**

340 The grant application package must include sufficient information and documentation for the ARP Field
 341 Office to evaluate the application and make the grant approval determinations required by statute.

342 These requirements supplement the complete application requirements described in [Section 4-3.1, Final](#)
 343 [Project Grant Applications](#).

344 **TABLE 4-3.1. TYPICAL PROJECT GRANT APPLICATION DOCUMENTATION**

Application Component	Description / Example
Final Project Scope and Costs	Final project scope of work and cost information based on bids, engineer’s estimate, guaranteed maximum price (GMP), other negotiated contract pricing for applicable procurement methods, or other acceptable cost documentation.
Funding Sources	Identification of all funding sources including sponsor match, airport sponsor apportionments, state apportionments, noncompetitive discretionary funds, and other contributions.
Planning and Environmental Documentation	Documentation demonstrating compliance with planning and environmental requirements, including ALP consistency and environmental determinations, as applicable.
Procurement and Documentation	Evidence that procurement was conducted in accordance with applicable Federal requirements.
Sponsor Certifications and Assurances	Applicable sponsor certifications and grant assurances required for the project.

Application Component	Description / Example
Property and Land Documentation	Documentation related to land acquisition, property interests, or release of airport property, when applicable.
Project-Specific Documentation	Additional documentation required for the specific project type as identified in the applicable appendices to this Order.

345 For purposes of [Table 4-3.2](#), “Non-SBGP Sponsor” includes airport sponsors and other eligible sponsors
 346 receiving AIP grants directly from the FAA outside of the SBGP.

347 **TABLE 4-3.2. GRANT APPLICATION PACKAGE REQUIREMENTS**

Application Item	Non-SBGP Sponsor Requirement	SBGP Requirement
Application for Federal Assistance (SF-424)	Required. Sponsors must sign and submit the current version of Standard Form 424 as part of all grant application packages. The signed application is referenced in the grant agreement and must be included in the official grant file.	Required. Submitted by the State as sponsor.
Application for Development Projects (FAA Form 5100-100)	Required for development and equipment projects. FAA Form 5100-100 must be submitted. The form provides supporting grant information including funding sources, cost breakdowns, project narrative, and coordination with airport users. Contingency costs must not be included.	Optional unless requested by the ARP Field Office. The State must collect for subgrants per SBGP MOA .
Application for Planning Projects (FAA Form 5100-101)	Required for planning projects if FAA Form 5100-100 is not used. Sponsors may submit FAA Form 5100-101 .	Optional unless requested by the ARP Field Office. The State must collect for subgrants per SBGP MOA .
Detailed Project Narratives and Cost Breakdowns	Required when requested by the ARP Field Office to support cost reasonableness.	Optional unless requested by the ARP Field Office. The State must collect for subgrants.
Project Sketches	Required when requested by the ARP Field Office. Must show project limits and location.	Optional unless requested by the ARP Field Office. The State must collect for subgrants.
Documentation for Cost Reasonableness	Required. Must support bid or negotiated costs when available.	Required. The State must ensure documentation is available for subgrants.

Application Item	Non-SBGSP Sponsor Requirement	SBGP Requirement
Exhibit A (Property Map)	Required if a current, approved Exhibit A is not on file.	Required if not on file.
Title Documentation / Long-Term Lease	Required when requested by the ARP Field Office to demonstrate land control.	Optional unless requested. The State must collect for subgrants.

348 SBGP States are responsible for ensuring required documentation is collected and maintained for
 349 subgrants in accordance with the [SBGP MOA](#).

350 **4-3.2.2. CONSISTENCY WITH PROGRAMMED PROJECT**

351 The project grant application must be consistent with the project programmed under [Section 4-2, Grant](#)
 352 [Programming](#), including the approved scope of work, funding sources, and project justification.

353 If changes to the programmed project are identified prior to application submission, the sponsor must
 354 coordinate with the ARP Field Office to determine whether the changes remain within the scope of the
 355 programmed project or require additional programming review.

356 **4-3.2.3. SUBMISSION TIMING**

357 Sponsors must submit grant applications sufficiently in advance of the desired grant execution date to
 358 allow for ARP Field Office review, completion of required determinations, and preparation of the grant
 359 offer.

360 Failure to submit a complete application may delay issuance of the grant offer.

361 **4-3.3. GRANT APPLICATION REVIEW**

362 After receiving a complete project grant application, the ARP Field Office reviews the application and
 363 supporting documentation to determine whether the proposed project meets statutory and program
 364 requirements for Federal funding. The ARP Field Office will also compare this information with any
 365 preliminary project grant application received and resolve any inconsistencies with the sponsor.

366 A grant offer is not issued until the required determinations described in this section have been
 367 completed.

368 **4-3.3.1. REQUIRED GRANT APPROVAL DETERMINATIONS**

369 Before issuing a grant offer, the ARP Field Office makes the statutory and program determinations
 370 required for AIP grant approval. These determinations confirm that the proposed project satisfies
 371 applicable statutory, regulatory, and program requirements.

372 [Table 4-3.3, Grant Approval Determination Requirements](#), summarizes the primary review areas and
 373 associated determinations that must be completed before the ARP Field Office may proceed with grant
 374 issuance.

375 **TABLE 4-3.3. GRANT APPROVAL DETERMINATION REQUIREMENTS**

Review Area	Key Determination	Primary Reference
Statutory Eligibility and Approval	The project is <ul style="list-style-type: none"> ▪ In ACIP; ▪ Consistent with the approved ALP (if required); and ▪ Eligible and justified. 	49 U.S.C. § 47106 ; Chapter 2
Sponsor Capability and Compliance	The sponsor <ul style="list-style-type: none"> ▪ Has financial capability, and ▪ Will comply with the grant assurances and Federal requirements. 	49 U.S.C. § 47106 ; Chapter 2
Planning and Environmental	Required planning and environmental requirements are satisfied or approved for delayed completion	Chapter 3 ; Table 4-3.1, Typical Project Grant Application Documentation
Funding and Federal Share	<ul style="list-style-type: none"> ▪ Funding is available and allowable; ▪ Federal and sponsor shares are correct; and ▪ The minimum grant amount is met. 	49 U.S.C. §§ 47109 , 47114 , 47115 , 47116 , and 47117
Allowable Costs & Procurement	<ul style="list-style-type: none"> ▪ Costs are allowable and reasonable, and ▪ Procurement complies with Federal requirements. 	49 U.S.C. § 47110 ; Chapter 3

376 **4-3.3.2. PERMITTED FUNDS**

377 Projects must be funded using AIP funds permitted for the airport and project type in accordance with:

- 378 ▪ [49 U.S.C. § 47114](#) – Apportionments;
- 379 ▪ [49 U.S.C. § 47115](#) – Discretionary Fund;
- 380 ▪ [49 U.S.C. § 47117](#) – Use of Apportioned Amounts; and
- 381 ▪ [49 U.S.C. § 47120](#) – Grant Priority.

382 Proposed funding must align with current fiscal year AIP funding guidance.

383

384 4-3.3.4. APPORTIONMENT USE

385 4-3.3.4.1. SPONSOR SHARED FUNDS

386 Sponsors of primary airports may voluntarily agree to share available primary apportionment funds with
387 other public-use airports owned by the sponsor in accordance with [49 U.S.C. § 47117](#).

388 Sharing allows apportionment funds to be made available for eligible projects at another sponsor-owned
389 airport when the sponsor determines the funds cannot be efficiently used at the sponsor's airport during
390 the fiscal year.

391 Sponsors should note that once apportionment funds are shared and made available to another airport,
392 those funds are no longer reserved for the originating airport.

393 The ARP Field Office coordinates and documents any sharing of apportionments to ensure compliance
394 with statutory funding requirements and programming controls.

395 4-3.3.4.2. TRANSFER OF APPORTIONMENT FUNDS

396 Under [49 U.S.C. § 47117](#), a sponsor may waive its claim to all or a portion of its airport's apportionment
397 funds, allowing those funds to be made available for eligible projects at other public-use airports in the
398 same state or geographic area, consistent with statutory requirements.

399 The only eligible apportionments that may be transferred are primary, nonprimary commercial service,
400 cargo, and general aviation airport apportionments, as applicable.

401 A sponsor may identify a preferred recipient airport; however, any transfer must comply with statutory
402 eligibility requirements, including geographic limitations. The FAA retains decision authority regarding
403 the approval of the transfer and the airport that will receive the funds.

404 Transfers must be documented using [FAA Form 5100-110, Agreement for Transfer of Entitlements](#), in
405 accordance with applicable program procedures.

406 Transfer of apportionment funds does not, by itself, create [grant assurance](#) obligations. [Grant assurances](#)
407 apply only to the sponsor that accepts a grant using the transferred funds.

408 Sponsors should note that once apportionment funds are waived and made available to another airport,
409 those funds are no longer reserved for the originating airport. A sponsor that waives apportionments
410 should not assume the funds will be returned for future use unless a subsequent transfer is voluntarily
411 arranged.

412 For airports participating in the SBGP, the SBGP State must maintain documentation of any sponsor
413 request to waive or transfer apportionments using [FAA Form 5100-110](#) in accordance with the [SBGP](#)
414 [MOA](#).

415 4-3.3.5. READINESS TO ISSUE GRANT OFFER

416 After the ARP Field Office completes the reviews and determinations described in this section, the ARP
417 Field Office may proceed with preparation of the grant offer described in [Section 4-4, Grant Offer and](#)
418 [Execution](#).

419 4-4. GRANT OFFER AND EXECUTION

420 After completing the required statutory and program determinations described in [Section 4-3.3, Grant](#)
421 [Application Review](#), the ARP Field Office issues the grant offer to the sponsor.

422 The grant offer formally communicates the FAA’s intent to provide AIP funding for the approved project
 423 and establishes the terms and conditions under which the sponsor may accept the funding.

424 The grant offer:

- 425 ▪ Identifies the approved project scope and associated costs;
- 426 ▪ Specifies the amount of Federal participation and funding sources;
- 427 ▪ Establishes the sponsor’s obligations and applicable [grant assurances](#); and
- 428 ▪ Provides the terms and conditions that govern the project.

429 A grant offer is issued only after the reviews and determinations described in [Section 4-3.3, Grant](#)
 430 [Application Review](#), have been completed.

431 In certain circumstances, congressional notification may be required prior to issuance of a grant offer.
 432 When congressional notification is required, the grant offer is not issued until the notification process
 433 has been completed in accordance with applicable statutory requirements and Department of
 434 Transportation (DOT) policy.

435 **4-4.1. RESERVATION OF FUNDS**

436 Before issuing a grant offer, the ARP Field Office confirms that funds are available and properly
 437 programmed for the project.

438 This includes verifying:

- 439 ▪ Funding availability and eligibility;
- 440 ▪ Correct funding type and amount;
- 441 ▪ Federal share calculations; and
- 442 ▪ Compliance with applicable funding limitations.

443 **4-4.2. GRANT OFFER PACKAGE**

444 The ARP Field Office prepares a grant offer package that clearly defines the project, funding, and
 445 obligations of the sponsor.

446 The grant agreement is the legally binding instrument between the FAA and the sponsor. The
 447 components listed below are either included in or incorporated into the grant agreement and collectively
 448 establish the terms and conditions of the grant.

449 **TABLE 4-4.1. GRANT OFFER PACKAGE REQUIREMENTS**

Component	Requirement
Grant Agreement	A fully signed and executed agreement between the FAA and the sponsor identifying the project, funding, and obligations is a legally binding agreement.
Project Description	Must clearly describe the usable unit of work and match the approved application.
Funding Amount and Federal Share	Must identify the total eligible cost and Federal share.

Component	Requirement
Grant Assurances	Must include the applicable sponsor grant assurances required by 49 U.S.C. § 47107 .
Special Conditions	Added when necessary to address project-specific or compliance issues.
Sponsor Certifications	Required certifications applicable to the project type, if not already submitted by the airport sponsor with the grant application. Certifications are maintained in the grant file and are not required to be reattached to the grant offer.
Period of Performance	Must identify the time allowed for project completion.
Advisory Circular (AC) References	Identification of applicable FAA Advisory Circulars governing project design, construction, and equipment standards, as incorporated by reference in the grant agreement or project specifications.

450 **4-4.3. SPECIAL CONDITIONS**

451 The FAA may include special conditions in an AIP grant to address project-specific requirements, sponsor
 452 circumstances, or unique situations.

453 Special conditions establish additional actions the sponsor must complete as part of accepting and
 454 administering grant. These conditions are included in the grant agreement, are legally binding upon
 455 acceptance, and may affect eligibility, reimbursement, or project implementation until satisfied.

456 **TABLE 4-4.2. SPECIAL CONDITIONS IN AIP GRANTS**

When Used (Trigger)	Purpose	Sponsor Action Required
Requirement not complete at time of grant (e.g., environmental, land, approvals)	Allows grant issuance while ensuring compliance before reimbursement or project progression.	Complete requirement within specified timeframe; submit required documentation before reimbursement or construction.
Project includes eligibility or cost uncertainty	Protects Federal funds and ensures only allowable costs are reimbursed.	Provide supporting justification and documentation; comply with any reimbursement restrictions.
Procurement or contract risk identified	Ensures compliance with Federal procurement requirements.	Obtain FAA concurrence or provide required procurement documentation before proceeding.

When Used (Trigger)	Purpose	Sponsor Action Required
Unique project scope or complexity	Addresses technical, environmental, or operational risks.	Comply with additional project-specific requirements or sequencing conditions.
Sponsor-specific risk (e.g., experience, oversight level)	Mitigates risk and ensure proper grant administration.	Provide enhanced reporting, oversight coordination, or certifications.
Statutory or program-specific requirement	Ensures compliance with law or policy.	Meet specific statutory / program conditions.

457 **4-4.4. GRANT ASSURANCES AND SPONSOR CERTIFICATIONS**

458 Grant assurances and sponsor certifications establish the legal and administrative obligations a sponsor
 459 accepts when receiving AIP funding.

460 Airport sponsors must comply with the Airport Sponsor Grant Assurances required by 49 U.S.C. § 47107
 461 and other applicable statutory and regulatory requirements. Grant assurances are incorporated by
 462 reference into the grant agreement, become legally binding upon grant acceptance, and establish
 463 obligations that may extend beyond the period of performance of the grant.

464 The FAA identifies the applicable set of grant assurances for each grant (Airport Sponsors, Non-Airport
 465 Sponsors Undertaking Noise Compatibility Program Projects, Planning Agency Sponsors, or Aviation State
 466 Block Grant Program) based on the sponsor type, project type, and funding type prior to issuance of the
 467 grant offer.

468 Grant assurances and certifications establish baseline sponsor obligations. Additional project-specific
 469 requirements may be included through special grant conditions in accordance with Section 4-4.3, Special
 470 Conditions.

471 Grant assurances are incorporated into each AIP grant agreement pursuant to 49 U.S.C. § 47107 and
 472 establish the sponsor’s ongoing obligations related to the operation, maintenance, and management of
 473 the airport. The applicability and duration of grant assurances vary depending on the type of project and
 474 are defined in the grant agreement and applicable statutory requirements.

475 In addition to grant assurances, sponsors must submit required certifications as part of the grant offer
 476 process pursuant to 49 U.S.C. § 47105. These certifications confirm compliance with Federal
 477 requirements applicable to the grant and are conditions of grant execution.

478 **4-4.5. ISSUANCE AND ACCEPTANCE OF THE GRANT OFFER**

479 After the grant offer has been prepared, the ARP Field Office issues the grant offer to the sponsor for
 480 review and acceptance.

481 Issuance of the grant offer represents the FAA’s offer of Federal funding for the project, subject to the
 482 terms and conditions contained in the grant agreement.

483 The grant offer is issued only after the required reviews and determinations described in Sections 4-3.3,
 484 Grant Application Review, through Section 4-4.4, Grant Assurances and Sponsor Certifications, have been
 485 completed.

486 4-4.5.1. SPONSOR REVIEW OF THE GRANT OFFER

487 Upon receipt of the grant offer, the sponsor must review the grant agreement and associated documents
 488 to confirm the sponsor understands and agrees to:

- 489 ▪ The project scope and funding;
- 490 ▪ [Grant assurances](#) and applicable certifications submitted as part of the application;
- 491 ▪ Any special grant conditions; and
- 492 ▪ The period of performance and reporting requirements.

493 Acceptance of the grant offer indicates the sponsor’s agreement to comply with all terms and conditions
 494 of the award.

495 4-4.5.2. ACCEPTANCE OF THE GRANT OFFER

496 The sponsor must accept the grant offer by signing the grant agreement and returning it to the ARP Field
 497 Office within the timeframe specified in the grant offer. The sponsor and the sponsor’s attorney must
 498 complete all required signatures within this timeframe.

499 Failure to accept the grant offer within the specified timeframe may result in withdrawal of the offer and
 500 reallocation of the funds.

501 **TABLE 4-4.3. STEPS AND REQUIREMENTS FOR SPONSOR GRANT ACCEPTANCE**

Requirement	Description
Grant agreement may not be altered	The sponsor must not alter the grant agreement. Changes to the grant agreement may only be made through a grant amendment issued by the ARP Field Office.
Sponsor signature (electronic preferred)	The sponsor must sign the grant agreement in the designated sponsor signature location. Electronic signatures are the standard method of execution and are acceptable unless otherwise specified in the grant offer.
Ink signature (when required)	Ink (wet) signatures are required only in limited circumstances, such as grants involving land acquisition or other legally recorded property interests, when notarized signatures are required by local jurisdictional or recording requirements, or when otherwise specified in the grant offer.
Notary requirement (if applicable)	If a notarized signature is required, the sponsor must ensure the grant agreement is executed with a notary at the time of signature, including all required seals or stamps, in accordance with applicable local recording requirements.

Requirement	Description
Advance identification of notarization requirements	If notarized signatures are required (e.g., for land or easement recording), the sponsor must identify this requirement in the application or supplemental documentation so the ARP Field Office can prepare the grant offer accordingly.
Attorney certification	The sponsor’s attorney must sign the grant agreement after the sponsor. The attorney’s signature date must be on or after the date of the sponsor’s signature and within the timeframe specified in the grant offer.
Distribution of executed grant	For grant agreements executed using ink (wet) signatures, the sponsor must retain one executed copy for its records and return the remaining executed copies to the ARP Field Office by the date specified in the grant offer. For electronically executed grant agreements, distribution of the fully executed grant is completed through the electronic signature system, and no additional copies are required to be returned.

502 **4-4.6. GRANT EXECUTION**

503 A grant agreement is executed when all required parties have signed it in the following order:

- 504 ▪ FAA;
- 505 ▪ Sponsor; and
- 506 ▪ Sponsor’s attorney.

507 The execution date of the grant agreement is the date the last required party signs the agreement. This
 508 date establishes the effective date of the grant and, unless otherwise specified in the agreement, marks
 509 the beginning of the Period of Performance (PoP).

510 Following execution, the FAA records grant action in its financial management systems. The system-
 511 recorded obligation date, often referred to as the Purchase Order (PO) Date, reflects when the
 512 transaction is recorded for financial and accounting purposes. The obligation date does not determine
 513 the execution date of the grant agreement and does not alter the PoP established in the grant
 514 agreement.

515 **4-5. GRANT OVERSIGHT**

516 [Title 49 U.S.C. § 47107](#) requires the FAA to prescribe sponsor requirements necessary to ensure sponsor
 517 compliance with the [grant assurances](#) described in [49 U.S.C. § 47107](#) and discussed in [Section 4-4.4,](#)
 518 [Grant Assurances and Sponsor Certifications](#).

519 **4-5.1. OVERVIEW OF POST-AWARD OVERSIGHT**

520 After execution of a grant agreement, the sponsor is responsible for carrying out the project in
 521 accordance with the grant agreement, applicable statutes, regulations, and [grant assurances](#). The ARP
 522 Field Office provides oversight to ensure compliance with these requirements.

523 ARP Field Office involvement in AIP projects is limited to the level of oversight necessary to protect the
524 Federal interest, consistent with the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. §§
525 [6304-6305](#)), while allowing the sponsor to manage and administer the project.

526 Oversight activities during the period of performance include monitoring project progress, reviewing
527 compliance with Federal requirements, documenting key determinations in the grant file, and verifying
528 that Federal funds are used only for eligible and allowable project costs.

529 4-5.2. RISK-BASED OVERSIGHT

530 The FAA has implemented a risk-based oversight system to minimize the risk of misuse of AIP funds by
531 sponsors. This risk model uses a tiered ranking system to assign a risk level to each sponsor.

532 The risk level assigned to a sponsor determines the level of ARP Field Office grant management and
533 oversight during the PoP.

534 Detailed information procedures and tools supporting risk models are provided in the FAA's [AIP Grant](#)
535 [Oversight Risk Model Policy](#).

536 4-5.3. GRANT FILE DOCUMENTATION

537 The ARP Field Office maintains a grant file documenting key decisions, approvals, and determinations
538 made throughout the life of the grant.

539 The grant file must contain documentation sufficient to support the FAA's determinations related to the
540 grant. In many cases, issuance of the grant reflects the FAA's determination that applicable statutory and
541 regulatory requirements have been satisfied.

542 The grant file should include documentation supporting, as applicable:

- 543 ▪ Eligibility and justification determinations;
- 544 ▪ Federal share determinations;
- 545 ▪ Cost reasonableness determinations;
- 546 ▪ Environmental and planning approvals; and
- 547 ▪ Compliance monitoring and oversight actions.

548 Documentation may include the grant application, supporting analyses, environmental and planning
549 documentation, internal FAA review materials, and other records necessary to demonstrate that the
550 project meets applicable requirements.

551 When a written FAA determination is required by this Order or other FAA policy, the determination
552 should be retained in the grant file or referenced in a manner that allows it to be readily retrieved.

553 4-5.4. PROJECT CONFERENCES

554 Project conferences may be conducted at key milestones to support coordination and compliance with
555 AIP requirements. These conferences may include predesign, prebid, preconstruction, and construction
556 progress meetings.

557 The ARP Field Office may participate in these conferences, as appropriate.

558 Guidance for conducting project conferences is provided in [AC 150/5370-12, Quality Management for](#)
559 [Federally Funded Airport Construction Projects](#).

560 4-5.5. CONSTRUCTION MANAGEMENT PROGRAMS

561 The FAA requires sponsors to implement a Construction Management Program (CMP) for certain airport
562 development projects to ensure quality control and compliance with applicable construction standards.

563 CMP requirements apply to pavement construction projects that meet applicable thresholds or criteria
564 established in current FAA policy and the applicable AC, including [AC 150/5370-12, Quality Management](#)
565 [for Federally Funded Airport Construction Projects](#).

566 When required, the CMP must be submitted to the ARP Field Office prior to the start of construction.

567 The CMP must address, at a minimum:

- 568 ▪ Quality control and quality assurance procedures;
- 569 ▪ Inspection and testing requirements;
- 570 ▪ Roles and responsibilities of project personnel; and
- 571 ▪ Procedures for documenting and resolving nonconforming work.

572 Upon completion of construction for projects requiring a CMP, the sponsor must submit a summary of
573 quality assurance test results, including the disposition of any nonconforming test results, to the ARP
574 Field Office.

575 The ARP Field Office may require a CMP for projects that do not meet standard thresholds when
576 warranted by project complexity or risk and may review the CMP and provide comments as appropriate.
577 CMP documentation, test result summaries, and related correspondence are maintained in the grant file.

578 4-5.6. NOTICE TO PROCEED

579 Once all contract documents have been executed, the sponsor will issue a notice to proceed (NTP) to the
580 contractor. The sponsor must send a copy of the NTP to the ARP Field Office upon request.

581 4-5.7. INSPECTIONS

582 The sponsor is responsible for construction inspection and must document project progress and
583 inspection activities throughout the construction period. Guidance on construction inspection and
584 documentation practices is provided in [AC 150/5370-12, Quality Management for Federally Funded](#)
585 [Airport Construction Projects](#).

586 The sponsor must maintain construction progress and inspection records that provide, at a minimum:

- 587 ▪ Status of construction activities;
- 588 ▪ Results of inspections and testing;
- 589 ▪ Identification of any problems, delays, or adverse conditions; and
- 590 ▪ Actions taken to address identified issues.

591 Sponsors must use [FAA Form 5370-1, Construction Progress and Inspection Report](#), or an equivalent
592 format that captures the required information.

593 The sponsor must submit inspection reports to the ARP Field Office when requested. The ARP Field
594 Office will determine the reporting frequency based on project complexity and risk, generally no less
595 than quarterly during construction, unless otherwise requested.

596 The ARP Field Office may conduct periodic worksite inspections to monitor project progress and
597 compliance with applicable requirements.

598 4-5.8. PLANNING AND ENVIRONMENTAL STUDY GRANT MEETINGS

599 Sponsors are often required to conduct meetings in association with planning and environmental study
600 grants. ARP Field Office attendance at these meetings is optional, unless attendance is required by FAA
601 Order or other FAA policy.

602 For example, [FAA Order 1050.1](#), [FAA National Environmental Policy Act Implementing Procedures](#),
603 requires the ARP Field Office to organize and lead meetings associated with Environmental Impact
604 Statements (EIS).

605 Specific requirements for planning and environmental study grant meetings are provided in the following
606 guidance:

- 607 ▪ [FAA Order 1050.1](#);
- 608 ▪ [AC 150/5070-7, The Airport System Planning Process](#); and
- 609 ▪ [AC 150/5070-6, Airport Master Plans](#).

610 4-5.9. PLANNING AND ENVIRONMENTAL PROJECT FORECASTS

611 For planning and environmental projects that require aviation activity forecasts, the sponsor must
612 develop and submit forecasts in accordance with applicable FAA policy and guidance.

613 The ARP Field Office reviews and approves forecasts prior to their use in support of AIP-funded projects.
614 Forecast approval supports project justification, environmental analysis, and development of airport
615 design standards.

616 Forecast approval authority remains with the ARP Field Office and is not delegated through sponsor
617 certifications.

618 4-5.10. PERFORMANCE REPORTS

619 In accordance with [2 CFR Part 200](#), recipients of Federal awards must submit periodic performance
620 reports to monitor progress toward project objectives. Performance reports for AIP projects document
621 project progress, schedule, and significant developments and are separate from the [SF-425, Federal](#)
622 [Financial Report](#).

623 Performance reporting frequency is established by the ARP Field Office and must be no more frequent
624 than quarterly and no less frequent than annually, consistent with [2 CFR Part 200](#). The ARP Field Office
625 may require more frequent performance reporting based on an analysis of the sponsor's risk
626 assessment, history of compliance with the terms and conditions of Federal awards, ability to meet
627 expected performance goals, and financial capability to perform the Federal award.

628 When significant developments occur that may impact the project between reporting periods, the
629 sponsor must notify the ARP Field Office.

630 The ARP Field Office may require additional documentation or reporting, as appropriate. A final
631 performance report must be submitted at project completion in accordance with applicable closeout
632 requirements.

633 4-5.10.1. NON-CONSTRUCTION PROJECTS

634 For planning and other non-construction grants:

- 635 ▪ Sponsors must submit [FAA Form 5100-140, Performance Report](#), at least annually and no more
636 than quarterly until the project is complete;

- 637 ▪ The ARP Field Office may require more frequent reporting based on project complexity,
638 schedule, or risk; and
- 639 ▪ Each performance report must be submitted within 90 days after the end of the reporting period
640 if the report is submitted annually and must be submitted within 30 days after the end of the
641 reporting period if the report is submitted quarterly.

642 Guidance on ARP Field Office review procedures is provided in the [ARP Grant Payment and Sponsor](#)
643 [Financial Reporting Policy](#).

644 4-5.10.2. CONSTRUCTION PROJECTS

645 For construction projects, the FAA has determined that [FAA Form 5370-1, Construction Progress and](#)
646 [Inspection Report](#), satisfies the performance reporting requirements of [2 CFR Part 200](#).

- 647 ▪ Sponsors must submit [FAA Form 5370-1](#) to the ARP Field Office at least quarterly until
648 construction is complete;
- 649 ▪ Reports must be submitted within 30 days after the end of each quarter; and
- 650 ▪ The report must include percentage-of-completion information. If omitted, the ARP Field Office
651 must require resubmittal.

652 Additional information on [FAA Form 5370-1](#) is available on [AC 150/5370-12, Quality Management for](#)
653 [Federally Funded Airport Construction Projects](#).

654 4-5.11. ANNUAL REPORTING OF RESIDENTIAL POPULATION BENEFITS

655 ARP Headquarters compiles annual reporting on residents and students benefitting from noise
656 compatibility projects, with assistance from the ARP Field Office.

657 Sponsors may also be required to submit project specific reports as a condition of the grant agreement,
658 such as annual noise reporting or other performance-related reporting associated with the funded
659 project.

660 4-5.12. FINAL INSPECTION

661 For construction projects, the sponsor provides the ARP Field Office with documentation confirming that
662 the project was completed in accordance with the terms and conditions of the contract(s).

663 The ARP Field Office may attend the final inspection; however, the sponsor remains responsible for
664 ensuring that the project is completed in accordance with the approved plans, specifications, and
665 contract requirements, as documented in the sponsor's Construction Project Final Acceptance
666 certification.
667

668 4-6. CONTRACT CHANGES, AMENDMENTS, AND PAYMENTS

669 After a grant is executed, projects frequently require adjustments to scope, schedule, funding, or costs
670 as work progresses. These adjustments may occur through contract changes, grant amendments, or
671 payment actions. Each of these actions must be managed in a manner that protects the Federal interest
672 and ensures continued compliance with Federal statutes, regulations, and the grant agreement.

673 Contract changes occur at the sponsor level during project implementation and may affect project scope,
674 cost, or schedule. When contract changes affect the Federal share, project scope, or other grant

675 requirements, the sponsor must request a grant amendment before the FAA can reimburse associated
 676 costs.

677 Grant amendments are the formal mechanism used to modify an executed grant agreement.
 678 Amendments may be required to adjust funding amounts, revise the scope of work, extend the period of
 679 performance, or address other changes necessary for successful project completion.

680 Payments are made only for allowable costs incurred in accordance with the grant agreement and
 681 Federal requirements. Payment actions must reflect approved contract changes and executed grant
 682 amendments, as applicable.

683 **4-6.1. CONTRACT CHANGES AND COST REASONABLENESS**

684 Sponsors may modify contracts during project implementation through change orders, supplemental
 685 agreements, and contract modifications. Because these actions affect project costs and Federal
 686 participation, FAA oversight is required.

687 Under [2 CFR Part 200](#) and [49 U.S.C. § 47110](#), project costs included in an AIP grant are allowable,
 688 reasonable, and necessary.

689 Contract changes may include:

- 690 ▪ Construction change orders;
- 691 ▪ Supplemental agreements;
- 692 ▪ Equipment contract modifications; and
- 693 ▪ Professional services agreement modifications.

694 Guidance on contract modifications is available in:

- 695 ▪ [AC 150/5370-10, Standard Specifications for Construction of Airports](#);
- 696 ▪ [AC 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant](#)
 697 [Projects](#); and
- 698 ▪ [Airports SOP 7.0, AIP Construction Project Change Orders](#).

699 **4-6.1.1. SPONSOR RESPONSIBILITIES FOR CONTRACT CHANGES**

700 Sponsors are responsible for managing contract changes during project implementation and ensuring
 701 that costs remain reasonable and consistent with Federal requirements. Guidance on Sponsor action
 702 procedures is provided in [Table 4-6.1, Contract Change and Amendment Documentation Requirements](#).

703 **TABLE 4-6.1. CONTRACT CHANGE AND AMENDMENT DOCUMENTATION REQUIREMENTS**

When this occurs	Required Documentation or Action	FAA Review Outcome
A contract change order, supplemental agreement, or contract modification is executed	The sponsor must: <ul style="list-style-type: none"> ▪ Perform a cost or price analysis consistent with 2 CFR Part 200. ▪ Notify the ARP Field Office when the change affects project scope. ▪ Provide, upon request: 	The ARP Field Office may review the documentation and conduct a pre-award or post-award review to assess cost reasonableness and compliance.

When this occurs	Required Documentation or Action	FAA Review Outcome
	<ul style="list-style-type: none"> ○ Change order or modification document; ○ Written justification for the change; ○ Sponsor certification that cost analysis was performed and that the sponsor recommends FAA accept the certification as evidence of cost reasonableness; and / or ○ Any additional supporting documentation requested by the ARP Field Office. 	
<p>A sponsor requests a grant amendment</p>	<ul style="list-style-type: none"> ▪ The sponsor must submit documentation demonstrating that a cost analysis has been completed for all contract changes, including: <ul style="list-style-type: none"> ○ All change orders, supplemental agreements, and contract modifications; ○ Written justification for cost changes; ○ Sponsor certification of cost analysis; and / or ○ Any additional supporting documentation requested by the ARP Field Office. 	<p>By executing the grant amendment, the ARP Field Office documents the project costs meet applicable Federal requirements.</p>
<p>A sponsor submits a grant closeout package</p>	<ul style="list-style-type: none"> ▪ The sponsor must certify that a cost analysis has been completed for all change orders, supplemental agreements, and contract modifications. ▪ The sponsor must submit supporting documentation upon request. 	<p>By signing the FAA Final Project Report, the ARP Field Office documents that final project costs meet Federal requirements.</p>

704 4-6.1.2. ARP FIELD OFFICE REVIEW OF CONTRACT CHANGES

705 The ARP Field Office may conduct pre-award or post-award reviews of the contract changes to evaluate
 706 cost reasonableness and compliance with Federal requirements.

707 Sponsors are not required to obtain prior FAA approval for most contract changes. However, proceeding
 708 without review is at the sponsor’s risk. The FAA may subsequently determine that costs associated with a
 709 contract change are ineligible for reimbursement.

710 ARP Field Office review outcome is provided in [Table 4-6.1, Contract Change and Amendment](#)
 711 [Documentation Requirements](#).

712 **4-6.1.3. BUY AMERICAN REQUIREMENT FOR CONTRACT CHANGES**

713 If a change order includes steel or manufactured products that are not 100% domestic, the sponsor must
 714 obtain a [Buy American](#) review from the ARP Field Office prior to proceeding.

715 **4-6.1.4. ERRORS AND OMISSIONS (E&O)**

716 Costs associated with correcting design errors or omissions, including redesign, rework, or construction
 717 modifications required solely to address the error or omission, are not allowable project costs and not
 718 eligible for AIP reimbursement.

719 However, costs for construction work that would have been required to complete the project, regardless
 720 of the error or omission, may be considered allowable, provided such costs are otherwise eligible and
 721 necessary for project completion.

722 Costs associated with redesign or additional work resulting from differing site conditions that could not
 723 have been reasonably identified during the initial site investigation are not considered errors or
 724 omissions. These costs may be allowable, provided such costs are otherwise eligible and necessary for
 725 project completion.

726 **4-6.1.5. ALLOWABLE VS NON-ALLOWABLE CONTRACT CHANGES**

727 The ARP Field Office may determine that certain contract changes are allowable when supported by
 728 appropriate documentation.

729 Examples that may be allowable include:

- 730 ▪ Quantity revisions;
- 731 ▪ Differing site conditions or materials not found during the site investigation; and
- 732 ▪ Non-competitive bid environment redesign.

733 Contract changes that are not allowable include:

- 734 ▪ Work outside grant scope without amendment;
- 735 ▪ Redesign due to deficient specifications; and
- 736 ▪ Consultant errors.

737 **TABLE 4-6.2. ALLOWABILITY OF CONTRACT CHANGE ORDER COSTS**

Type of Change	Allowability Guidance	Notes
Quantity revisions to reflect actual quantities used	Allowable increase or decrease in construction cost.	Normal quantity adjustment.
Differing site conditions not identified during site investigation	Allowable at ARP Field Office’s option.	Must be properly documented.

Type of Change	Allowability Guidance	Notes
Removal of subsurface materials shown in borings	Construction costs may be allowable; redesign costs are not allowable.	Design oversight does not justify redesign costs.
Terminal building changes using original pro-ration	The ARP Field Office must determine that the initial proration is valid for the work included in the change order before change order is approved.	Federal participation must reflect actual cost data.
Construction work outside the grant description	Not allowable unless the project scope is formally revised.	Requires coordination to add work to the project.

738

739 **TABLE 4-6.3. ALLOWABILITY OF PROFESSIONAL SERVICES AGREEMENT CHANGES**

Type of Change	Allowability Guidance	Notes
Rebid due to bid protest upheld by FAA	Not allowable.	Costs result from a procurement issue.
Redesign due to deficient specifications	Not allowable.	Includes failure to follow FAA standards.
Rebid due to non-competitive bids or high bids beyond sponsor control	May be allowable.	Must demonstrate the sponsor did not cause the condition.
Redesign to address differing site conditions or materials not found during the site investigation	May be allowable.	
Redesign to address the removal of subsurface materials shown in the soil borings taking during the site investigation	Not allowable.	Even though this work must be accomplished to complete the project, this represents a design oversight.
Add work outside grant scope	Not allowable unless scope is formally revised.	Requires coordination to add work.

740 4-6.2. GRANT AMENDMENTS

741 [Title 49 U.S.C. § 47108](#) allows the ARP Field Office to amend a grant after it has been issued.
 742 Amendments must meet the policy considerations in [Table 4-6.4, Grant Amendment Considerations](#), and
 743 remain within statutory limits ([see Table 4-6.5, Maximum Grant Amendment Increases](#)).

744 Sponsors should plan for grant amendments primarily to:

- 745 ▪ Reconcile final costs at closeout;
- 746 ▪ Correct specific errors (*e.g.*, incorrect Federal share); and/or
- 747 ▪ Address closely related changes that arise during project execution.

748 The ARP Field Office may amend a grant more than once and at times other than closeout when
 749 justified.

750 **4-6.2.1. SPONSOR REQUEST PACKAGE AND TIMING EXPECTATIONS**

751 When an amendment is needed, the sponsor should coordinate with the ARP Field Office as early as
 752 possible and provide documentation proportionate to the change. As a general rule, when the
 753 amendment increases the grant amount or modifies/adds/substitutes scope, the sponsor should submit
 754 a written amendment request that documents the change, cost impacts, and justification.

755 If a change affects project scope or reimbursable costs, the amendment generally must be issued before
 756 the affected work begins to avoid the risk of improper payment.

757 **4-6.2.2. AMENDMENT FORMATS AND “WHAT THE SPONSOR SHOULD EXPECT”**

758 The ARP Field Office selects the amendment format appropriate to the type, complexity, and impact of
 759 the proposed change. Amendment formats are generated through the automated AIP system using
 760 standard templates.

761 Amendments may be issued as either bilateral amendments requiring sponsor acceptance or unilateral
 762 (administrative or letter) amendments that do not require sponsor signature. The ARP Field Office will
 763 determine the appropriate amendment format based on the nature of the change and applicable policy.

764 **TABLE 4-6.4. GRANT AMENDMENT CONSIDERATIONS**

Amendment Purpose	Sponsor should provide / do	ARP Field Office will consider / require
Increase or decrease project amount (no description change)	<p>For increases: submit a written request documenting the increase and justification.</p> <p>For decreases: submit a written request documenting the decrease and justification.</p>	<p>Determines if the amendment is advantageous to the Federal government.</p> <p>Confirms Chapter 2 requirements remain satisfied.</p> <p>Verifies the increase stays within statutory limits (see Table 4-6.5). Planning grants cannot be increased.</p> <p>Decrease a grant, when appropriate, with proper</p>

Amendment Purpose	Sponsor should provide / do	ARP Field Office will consider / require
		documentation in the grant file. Reductions in the grant amount that occur as part of the grant closeout are normally processed during the closeout process and may not require a separate grant amendment.
Correct Federal share percentage (no description change)	Identify the basis for the correction and the affected costs / portion.	The Federal share generally stays consistent for the life of the grant, except for a multi-year grant or correction of an error.
Add future-year funds to a multi-year grant (no description change)	Upon request by the ARP Field Office, submit a written request.	<p>A multi-year amendment cannot increase the total Federal share beyond the amount in the original agreement.</p> <p>Only sponsor apportionments (primary, cargo, nonprimary commercial service, or general aviation airport) are included.</p> <p>Current fiscal year participation rate applies if the rate changes during a multi-year grant.</p>
Add funds beyond multi-year amount (no description change)	Document why eligible costs exceed the multi-year total and provide updated cost support.	May issue a regular amendment and apply increase rules using the multi-year total as the base.
Change description to clarify intended work (no funding change)	Upon request by the ARP Field Office, submit a written request.	<p>Clarification must be limited to the originally intended project; work is only added if inadvertently omitted.</p> <p>A clarifying amendment should be issued before the affected work starts to avoid the risk of improper payment.</p>

Amendment Purpose	Sponsor should provide / do	ARP Field Office will consider / require
<p>Change description to add a project (rare; prefer new grant)</p>	<p>Submit written request documenting justification and any increase. If no increase is requested, document existing grant work is complete or costs are known.</p>	<p>An amendment adding both a new project and funding is used only in rare circumstances.</p> <p>This action cannot be justified solely to use excess funds. The ARP Field Office must determine the added need is closely related to the original project.</p> <p>Applicable requirements in Chapter 2, Chapter 3, and the project appendix must be met.</p>
<p>Change description to delete a project</p>	<p>Submit a written request documenting the amount and reason unless the ARP Field Office initiates this action.</p>	<p>Determines deletion is advantageous to the Federal government.</p> <p>Adjusts grant amount by the Federal share of the deleted project.</p> <p>Special land deletion rule: the sponsor must repay any acquisition costs already paid or confirm any costs to perform that work again are locally funded.</p>
<p>Change description to modify a project</p>	<p>Submit a written request documenting the increase (if any) and justification.</p>	<p>If scope is reduced: confirms the usable units remain.</p> <p>If scope increases: confirms the need is closely related to original.</p> <p>Determines the amendment is advantageous to the Federal Government.</p> <p>Confirms Chapter 2 requirements remain satisfied.</p> <p>Amendment should be issued before affected work begins.</p>

Amendment Purpose	Sponsor should provide / do	ARP Field Office will consider / require
Change description to substitute a project	Submit a written request documenting the increase (if any) and justification.	<p>Substitutions may be approved only in limited circumstances where the sponsor provides sufficient justification and all applicable statutory and regulatory requirements are met. Issuance of a new grant is preferred over project substitutions.</p> <p>Applies add / delete criteria above.</p> <p>Confirms funding rules allow substitution and reduces the grant if substituted project costs are less.</p> <p>Confirms Chapter 2 requirements are met.</p> <p>Amendment should be issued before affected work starts.</p>

765

766 The limitation for maximum amendment increases is based on [49 U.S.C. § 47108](#). These limits apply to
 767 increases in the Federal share of a grant unless otherwise specifically authorized.

768 **TABLE 4-6.5. MAXIMUM GRANT AMENDMENT INCREASES**

Grant Type	Primary Airport	Nonprimary Airport
Land acquisition	≤ 15% of the grant amount	Up to the greater of: <ul style="list-style-type: none"> ▪ 15% of grant amount for land (Federal share), or ▪ 25% of total increase in allowable land costs (project cost) (only scenario allowing >15% amendment).
Airport development / noise implementation (not planning) / design-only	≤ 15%	≤ 15%

Grant Type	Primary Airport	Nonprimary Airport
Planning	May not be increased	May not be increased
Mixed project types	≤ 15% after deducting the planning portion	≤ 15% after deducting planning portions; if increase includes land, also apply land acquisition rules.
State Block Grants	N/A	FAA policy: do not amend to increase the grant amount, only de-obligate unused funds. In limited circumstances, including, but not limited to, when additional funds are available or when otherwise authorized by statute or FAA policy, the FAA may amend a SBGP grant to increase the grant amount.

769 **4-6.2.3. USING REAL PROPERTY OR EQUIPMENT TOWARD THE SPONSOR SHARE**

770 Under [2 CFR Part 200](#), the ARP Field Office may allow a sponsor to use:

- 771 ▪ Donated real property;
- 772 ▪ Previously acquired land; and
- 773 ▪ Donated labor, materials, equipment, or services.

774 To satisfy all or part of the non-Federal (sponsor) share when the contribution is:

- 775 ▪ Necessary to achieve the Federal award, and
- 776 ▪ Reasonable and properly documented.

777 **4-6.2.4. GENERAL POLICY**

778 The ARP Field Office may approve the use of donated or previously acquired property or donated
779 services toward the sponsor share when:

- 780 ▪ The item would otherwise be an allowable project cost;
- 781 ▪ Adequate documentation supports the value and eligibility; and
- 782 ▪ The contribution provides a benefit to the Federal government.

783 Only the value of the donated item may be credited toward the sponsor share. Associated acquisition
784 costs (*e.g.*, legal fees, appraisal fees, etc.) are not allowable as sponsor share.

785 **4-6.2.5. DONATED LAND**

786 The sponsor must provide documentation showing:

- 787 ▪ When the land was donated or acquired;
- 788 ▪ Identity and relationship of the donor;
- 789 ▪ No reversion clauses (except if land is no longer needed for airport purposes);
- 790 ▪ The donor is not acting as an agent for the sponsor; and
- 791 ▪ The donor must be an unrelated third party. Transfers of property between governmental
- 792 entities within the same state generally are not considered donations for purposes of crediting
- 793 value toward the sponsor share.

794 The value of donated land credited toward the sponsor share must:

- 795 ▪ Be based on fair market value (FMV) at time of donation by an unrelated third party;
- 796 ▪ Be supported by valuation documentation in the grant file;
- 797 ▪ Reflect only the value of the land itself; and
- 798 ▪ Be identified in the grant agreement when used as part of the sponsor share.

799 If the value of the land exceeds the required sponsor share, the unused value may be applied to future
800 grants when permitted by FAA policy.

801 The sponsor must:

- 802 ▪ Add the land to the airport’s Exhibit A Property Map;
- 803 ▪ Ensure the value credited toward the sponsor share is reasonable and properly documented;
- 804 and
- 805 ▪ Accept perpetual obligations under Grant Assurance 31, Disposal of Land.

806 **4-6.2.6. PREVIOUSLY ACQUIRED LAND**

807 Previously acquired land refers to property obtained by the sponsor before the AIP project for which
808 reimbursement or credit toward the non-Federal share is requested. When previously acquired land is
809 used for an eligible AIP project, the value that may be credited toward the project depends on the type
810 of sponsor and the applicable statutory requirements.

811 To be eligible for reimbursement or credit toward the non-Federal share, the land must have been
812 acquired in accordance with applicable Federal requirements governing land acquisition for AIP projects.
813 Sponsors should ensure that the acquisition followed all applicable property acquisition standards,
814 including appraisal, just compensation, and relocation requirements. Land that was not acquired in
815 accordance with these requirements may not be eligible for reimbursement or credit toward the
816 project’s non-Federal share.

817 Valuation rules differ by sponsor type as shown in [Table 4-6-6, Valuation Rule](#). Documentation
818 requirements mirror donated land.

819 **TABLE 4-6.6. VALUATION RULE**

Sponsor Type	Valuation Rule
Public sponsor	FMV at the time of purchase.
Private sponsor	FMV at the time of the project (49 U.S.C. § 47109).

820 4-6.2.7. DONATED LABOR, MATERIALS, EQUIPMENT, OR SERVICES

821 The ARP Field Office may allow the FMV at the time of donation of labor, materials, equipment, or
822 services donated to the sponsor, by an unrelated third party, to be credited toward the sponsor's share
823 of a grant when the donation is reasonable, necessary, and represents costs that would otherwise be
824 allowable project costs under the grant.

825 To request the use of donated labor, materials, equipment, or services as part of the sponsor share, the
826 sponsor must submit a written request and provide supporting documentation demonstrating the
827 nature and value of the donation. The documentation must:

- 828 ▪ Identify the donor and describe the relationship between the donor and the sponsor;
- 829 ▪ Include any agreements associated with the donation;
- 830 ▪ Confirm that the donor will not receive an exclusive benefit or consideration as a result of the
831 donation; and
- 832 ▪ Demonstrate that no reversionary interest or other conditions exist that would limit the airport's
833 ability to use the donated items for airport purposes.

834 Donated items credited toward the sponsor share must represent allowable and necessary project costs
835 that would otherwise be eligible under the grant. The FMV of donated labor, materials, equipment, or
836 services must be established at the time the donation is provided and supported by documentation
837 retained in the grant file. The documented value is used to calculate the amount credited toward the
838 sponsor share.

839 Only donations provided by an unrelated third party may be credited toward the sponsor share. Labor,
840 materials, equipment, or services provided by the sponsor are not considered donations under Federal
841 cost principles. When the sponsor provides these resources directly, the work must be treated as force
842 account work and must meet all applicable requirements for force account approval and documentation.

843 When approved, the value credited toward the sponsor share must be documented in the grant
844 agreement and retained in the grant file.

845 4-6.2.8. CREDIT CALCULATION AND GRANT DOCUMENTATION

846 When real property or other eligible contributions are used toward the sponsor share, the value credited
847 must:

- 848 ▪ Be sufficient to support the portion of the sponsor share being satisfied;
- 849 ▪ Be documented in the grant agreement; and
- 850 ▪ Be supported by documentation retained in the grant file.

851 4-6.3. GRANT PAYMENTS

852 After grant execution, the FAA reimburses the sponsor for allowable project costs in accordance with
853 Federal requirements and the grant agreement. Detailed payment procedures are provided in the [ARP
854 Grant Payment and Sponsor Financial Reporting Policy](#), which is the governing document for all pay
855 requests.

856 Grant payments are administered using a risk-based oversight approach. Sponsors are assigned a grant
857 payment risk level (Nominal, Moderate, or Elevated), which determines the level of FAA review prior to
858 payment approval (see [Section 4-5.2, Risk-Based Oversight](#)).

859 Payment requests must be submitted electronically through the currently approved DOT grant payment
860 system unless otherwise directed by the FAA.

861 4-6.3.1. COST ELIGIBILITY AND TIMING OF COSTS

862 4-6.3.1.1. COSTS INCURRED PRIOR TO GRANT EXECUTION

863 Sponsors may incur costs prior to grant execution. However, such costs are not automatically eligible for
864 reimbursement.

865 Reimbursement of costs incurred prior to the execution date is permitted only when:

- 866 ▪ The costs meet applicable eligibility and allowability requirements, and
- 867 ▪ The FAA provided specific authorization, when required.

868 Generally, project costs must be incurred after grant execution to be eligible for reimbursement unless
869 an exception applies.

870 4-6.3.1.2. COSTS INCURRED DURING THE PERIOD OF PERFORMANCE (POP)

871 Sponsors may incur eligible and allowable project costs only during the PoP established by the executed
872 grant agreement, unless otherwise authorized by the FAA.

873 All costs must be:

- 874 ▪ Allowable under [49 U.S.C. § 47110](#) and [2 CFR Part 200](#), and
- 875 ▪ Consistent with the approved project scope and grant agreement.

876 4-6.3.2. PAYMENT AUTHORITY

877 The FAA makes payments only for allowable, reasonable, and incurred costs in accordance with:

- 878 ▪ 49 U.S.C. §§ [47110](#) and [47111](#);
- 879 ▪ [2 CFR Part 200, Subpart E – Cost Principles](#); and
- 880 ▪ The grant agreement and applicable [grant assurances](#).

881 Payments may be reduced, delayed, or withheld as necessary to protect the Federal interest.

882 4-6.3.3. ADVANCE PAYMENT METHOD

883 In accordance with [2 CFR Part 200](#), the advance payment method is the standard method used by the
884 FAA for AIP grants unless otherwise specified by statute or grant program. Certain grant programs may
885 require reimbursement-only payment methods, as specified in the applicable grant agreement or
886 program guidance.

887 Under the advance payment method:

- 888 ▪ Payment requests must be based on documented, incurred costs, such as contractor invoices or
889 billing statements;
- 890 ▪ Sponsors are not required to disburse the full payment to contractors prior to requesting
891 reimbursement;
- 892 ▪ Payment requests must reflect only the Federal share of allowable costs; and

- 893 ▪ Required cost-share amounts must be identified separately from the Federal share.

894 4-6.3.4. LIMITATION ON EARLY PAYMENTS

895 The FAA must retain a portion of the Federal share until the project is complete, consistent with Federal
896 law and FAA policy.

897 90 PERCENT STATUTORY LIMITATION

898 In accordance with [49 U.S.C. § 47111](#), the FAA must not make payments exceeding 90 percent of the
899 Federal share of a project’s estimated allowable costs before the project is complete.

900 FINAL 10 PERCENT OF FEDERAL SHARE

901 The ARP Field Office may approve payment within the final 10 percent of the Federal share when the
902 project is determined to be substantially complete, consistent with FAA policy and the [ARP Grant
903 Payment and Sponsor Financial Reporting Policy](#).

904 The ARP Field Office may also approve payment within the final 10 percent of the Federal share for SBGP
905 grants if:

- 906 ▪ The State is following the 90 percent statutory limitation for all subawards within the state block
907 grant, and
- 908 ▪ The ARP Field Office determines the State will submit the state block grant closeout
909 documentation in a timely manner.

910 4-6.3.5. PAYMENT REQUEST REQUIREMENTS

911 INCURRED COST STANDARD

912 Payment requests must be supported by incurred costs consistent with [2 CFR Part 200](#).

913 Sponsors must:

- 914 ▪ Base payment requests on invoices, billing statements, or equivalent documentation that
915 supports the amount and validity of the costs;
- 916 ▪ Maintain financial management systems meeting [2 CFR Part 200](#) standards;
- 917 ▪ Track revenues and expenditures by individual Federal award;
- 918 ▪ Maintain documentation sufficient to support allowability and cost reasonableness;
- 919 ▪ Ensure prompt payment to contractors and vendors in accordance with [2 CFR Part 200](#) cash
920 management requirements, including maintaining written procedures and financial
921 management systems that minimize the time between receipt of Federal funds and
922 disbursement;
- 923 ▪ Comply with applicable contract terms and State or local payment requirements; and
- 924 ▪ Not delay payment to vendors regardless of the timing of reimbursement or grant payments.

925 SUPPORTING DOCUMENTATION

926 Supporting documentation requirements vary based on the sponsor’s assigned grant payment risk level
927 (see [Section 4-5.2, Risk-Based Oversight](#)).

928 Documentation may include:

- 929 ▪ Invoice summaries;
- 930 ▪ Contractor pay applications and line-item details;
- 931 ▪ Sponsor certification letters; and
- 932 ▪ Supporting cost analysis documentation.

933 Sponsors may request reimbursement for undisputed costs when contractor disputes exist. All
 934 documentation must be retained in accordance with [2 CFR Part 200](#) and made available upon request to
 935 the FAA or authorized audit entities.

936 APPROVAL PROCESS

937 Payment requests are subject to either:

- 938 ▪ Auto-approval review, or
- 939 ▪ Manual approval review by the ARP Field Office.

940 The ARP Field Office may review payment documentation based on the sponsor's assigned risk level (see
 941 [Section 4-5.2, Risk-Based Oversight](#)). Sponsors assigned Moderate or Elevated payment risk levels
 942 require manual approval. In addition, the FAA's risk policy and program requirements may require a
 943 higher level of review, including assignment to manual approval, based on project characteristics,
 944 funding source, or other risk considerations.

945 4-6.3.6. REDUCTION OR WITHHOLDING OF PAYMENTS

946 Under [49 U.S.C. § 47111](#), the FAA determines when, and in what amounts, payments are made.

947 The ARP Field Office may:

- 948 ▪ Reduce payments for inaccurate, unallowable, or unsupported costs;
- 949 ▪ Withhold payments pending receipt of adequate documentation; or
- 950 ▪ Withhold payments when sponsors are not in compliance with Federal requirements, including
 951 [grant assurance](#) obligations.

952 Payments may be withheld for more than 180 days only when:

- 953 ▪ The sponsor is notified and provided an opportunity for a hearing, if required by 49 U.S.C.
 954 §§ [47106](#) or [47111](#), and
- 955 ▪ FAA legal concurrence is obtained.

956 The ARP Field Office may coordinate with appropriate FAA offices, including the Office of Airports
 957 Compliance and Management Analysis (ACO), as necessary based on the nature of the issue.

958 4-6.3.7. RETAINAGE AND DISPUTED COSTS

959 Payment requests must reflect actual paid costs. Retainage amounts may be included in payment
 960 requests only when:

- 961 ▪ Retainage has been placed in an escrow account, or
- 962 ▪ Retainage has been paid in accordance with applicable requirements.

963 Detailed retainage requirements are provided in [AC 150/5370-10, Standard Specifications for](#)
 964 [Construction of Airports](#), and the [ARP Grant Payment and Sponsor Financial Reporting Policy](#).

965 **4-6.3.8. LAND ACQUISITION PAYMENT LIMITATIONS**

966 Costs for land acquisition are not reimbursable until the sponsor provides documentation demonstrating
 967 that good title will be received, including:

- 968 ▪ Executed purchase agreements;
- 969 ▪ Condemnation deposits or awards;
- 970 ▪ Court settlements; or
- 971 ▪ Other legally sufficient evidence of title transfer.

972 **4-6.3.9. INACTIVE GRANT PAYMENT ACTIVITY**

973 Continued grant payment inactivity, defined as no drawdowns over a 12-month period, may be cause for
 974 termination of the grant agreement.

975 Sponsors will be notified of inactive grant status and request written confirmation of intent to utilize or
 976 decline remaining funds.

977 Failure to respond may result in a de-obligation of funds.

978 **4-6.3.10. IMPROPER PAYMENTS**

979 The FAA must recover funds when payments exceed the Federal share of allowable project costs in
 980 accordance with [49 U.S.C. § 47111](#), the Improper Payments Elimination and Recovery Improvement Act
 981 of 2012 (IPERIA) ([P.L. 112-248](#)), and applicable Federal requirements.

982 Improper payments include payments:

- 983 ▪ For ineligible or unallowable work;
- 984 ▪ To incorrect recipients or grants;
- 985 ▪ That duplicate previous payments;
- 986 ▪ For costs that have not been paid;
- 987 ▪ That exceed the allowable Federal share;
- 988 ▪ That are unsupported by adequate documentation; and
- 989 ▪ Payments made with an incorrect amount.

990 Sponsors must promptly return improper payments pursuant to [31 CFR § 901.2](#), generally within 30 days
 991 of notification, in accordance with applicable Federal debt collection requirements. Costs incurred to
 992 recover improper payments are not allowable. Detailed procedures for identifying and resolving
 993 improper payments are provided in the [ARP Grant Payment and Sponsor Financial Reporting Policy](#).

994 **4-6.4. FINANCIAL REPORTING AND RECORD RETENTION**

995 Sponsors receiving AIP grants must comply with all Federal financial reporting, internal control, and
 996 record retention requirements in accordance with [2 CFR Part 200](#), the grant agreement, and the [ARP](#)
 997 [Grant Payment and Sponsor Financial Reporting Policy](#).

998 This section supplements the grant payment requirements described in [Section 4-6.3, Grant Payments](#),
 999 and the grant file documentation requirements described in [Section 4-5.3, Grant File Documentation](#).

1000 4-6.4.1. FINANCIAL MANAGEMENT SYSTEMS REQUIREMENTS

1001 Sponsors must maintain financial management systems that meet the standards in [2 CFR Part 200](#).

1002 Financial systems must:

- 1003 ▪ Track grant expenditures by individual Federal award;
- 1004 ▪ Provide accurate, current, and complete disclosure of financial results;
- 1005 ▪ Document compliance with Federal statutes, regulations, and grant conditions; and
- 1006 ▪ Include effective internal controls to safeguard Federal funds.

1007 Requirements related to payment documentation and incurred cost standards are addressed in [Section](#)
 1008 [4-6.3.5, Payment Request Requirements](#).

1009 4-6.4.2. FEDERAL FINANCIAL REPORTING

1010 Sponsors must submit financial reports in accordance with the grant agreement and applicable Federal
 1011 requirements.

1012 Sponsors must submit [SF-425, Federal Financial Report](#), for each AIP grant in accordance with FAA
 1013 reporting requirements. Reporting frequency must comply with [2 CFR Part 200](#), which requires reporting
 1014 no less frequently than annually and no more frequently than quarterly, unless otherwise specified in
 1015 the grant agreement.

1016 Financial reports must:

- 1017 ▪ Reflect cumulative expenditures and the Federal share;
- 1018 ▪ Be consistent with payment requests submitted pursuant to [Section 4-6.3, Grant Payments](#); and
- 1019 ▪ Be supported by the sponsor's accounting records.

1020 Financial reporting is separate from performance reporting requirements described in [Section 4-5.11,](#)
 1021 [Annual Reporting of Residential Population Benefits](#).

1022 4-6.4.3. INTERNAL CONTROLS

1023 Sponsors must establish and maintain effective internal controls over Federal awards in accordance with
 1024 [2 CFR Part 200](#).

1025 These controls must ensure:

- 1026 ▪ Proper stewardship of Federal funds;
- 1027 ▪ Compliance with grant requirements; and
- 1028 ▪ Prevention of fraud, waste, and abuse.

1029 4-6.4.4. INTEREST EARNED ON FEDERAL FUNDS

1030 In accordance with [2 CFR § 200.305](#), sponsors may earn interest on Federal funds as follows:

- 1031 ▪ Sponsors may retain up to \$500 per fiscal year in interest earned on Federal funds for
1032 administrative expenses, and
- 1033 ▪ Interest earned in excess of \$500 annually must be returned to the Federal government.
- 1034 Sponsors must maintain records documenting calculation and remittance of excess interest.

1035 4-6.4.5. RECORD RETENTION

- 1036 Sponsors must retain all financial and project records in accordance with [2 CFR Part 200](#).
- 1037 Documentation must be retained for three years after submission of the final expenditure report, unless:
- 1038 ▪ A longer retention period is required by statute, or
- 1039 ▪ An audit, litigation, or claim is initiated before the expiration of the retention period, in which
1040 case the records must be retained until resolution of the action.
- 1041 Grant file documentation requirements for the ARP Field Office are addressed in [Section 4-5.3, Grant File](#)
1042 [Documentation](#).

1043 4-6.4.6. ACCESS TO RECORDS

- 1044 In accordance with [2 CFR Part 200](#), sponsors must make financial records and project documentation
1045 available upon request to:
- 1046 ▪ The FAA;
- 1047 ▪ The DOT Office of Inspector General (OIG);
- 1048 ▪ The Government Accountability Office (GAO);
- 1049 ▪ Independent auditors; and
- 1050 ▪ Other authorized representatives of the Federal government.
- 1051 Failure to provide access to records may result in enforcement action under the grant agreement.

1052 4-7. GRANT SUSPENSION AND TERMINATION

- 1053 The ARP Field Office ensures that AIP funds are used in accordance with Federal statutes, regulations,
1054 and grant agreements. When necessary, the ARP Field Office may suspend or terminate a grant.
- 1055 These actions are consistent with [2 CFR Part 200](#) and [49 U.S.C. § 47111](#).

1056 4-7.1. FAA REMEDIES FOR NONCOMPLIANCE

- 1057 The ARP Field Office may take action when a sponsor fails to comply with grant requirements or when
1058 continuation of the project is no longer appropriate. Situations that may result in ARP Field Office action
1059 include, but are not limited to:
- 1060 ▪ Failure to comply with [grant assurances](#), grant conditions, or applicable laws and regulations;
- 1061 ▪ Failure to provide or maintain the required sponsor share;
- 1062 ▪ Significant delays or failure to make reasonable progress on the project;
- 1063 ▪ Unauthorized changes to project scope or funding;
- 1064 ▪ Failure to maintain required financial management systems;

- 1065 ▪ Civil rights or nondiscrimination compliance findings;
- 1066 ▪ Extended inactivity in grant payments or project progress; and
- 1067 ▪ Circumstances where continuation of the grant is not in the public interest.

1068 Consistent with [2 CFR Part 200](#), the ARP Field Office may take one or more of the following actions,
1069 depending on the circumstances:

- 1070 ▪ Temporarily withhold cash payments pending correction of the deficiency;
- 1071 ▪ Disallow all or part of the cost of the activity not in compliance;
- 1072 ▪ Wholly or partially suspend the grant; and/or
- 1073 ▪ Terminate the grant in whole or in part.

1074 4-7.2. GRANT SUSPENSION

1075 The ARP Field Office may suspend a grant when corrective action is possible, and continuation of the
1076 project may still be appropriate.

1077 During a suspension:

- 1078 ▪ The ARP Field Office will notify the sponsor in writing of the reasons for the suspension and
1079 identify required corrective actions;
- 1080 ▪ The sponsor may request reconsideration;
- 1081 ▪ The sponsor must take corrective action within the timeframe specified by the ARP Field Office;
1082 and
- 1083 ▪ Costs incurred after the suspension notice are not allowable unless specifically authorized in
1084 writing by the ARP Field Office.

1085 Suspension may be lifted once the ARP Field Office determines the sponsor has satisfactorily addressed
1086 the identified issues.

1087 4-7.3. GRANT TERMINATION

1088 If the ARP Field Office has already suspended a grant, and deficiencies cannot be corrected, or
1089 continuation of the grant is not in the public interest, the ARP Field Office may terminate the grant.

1090 4-7.3.1. TERMINATION FOR CAUSE

1091 Termination for cause may occur when a sponsor fails to correct deficiencies identified during a
1092 suspension.

1093 If a grant is terminated for cause:

- 1094 ▪ The sponsor will receive written notice explaining the basis for the decision;
- 1095 ▪ The sponsor may request reconsideration; and
- 1096 ▪ Allowable costs incurred prior to termination may be reimbursed, subject to the ARP Field Office
1097 determination.

1098 4-7.3.2. TERMINATION FOR CONVENIENCE

1099 The ARP Field Office or the sponsor may request termination when the project is no longer needed or
1100 feasible.

1101 When a grant is terminated for convenience:

- 1102 ▪ The ARP Field Office and the sponsor will execute a written termination agreement;
- 1103 ▪ The sponsor must stop incurring new obligations for the terminated work; and
- 1104 ▪ The ARP Field Office may reimburse allowable costs incurred prior to termination.

1105 4-8. GRANT CLOSEOUT

1106 Grant closeout is the process used to confirm that:

- 1107 ▪ All work funded under a grant has been completed;
- 1108 ▪ All costs are allowable, reasonable, and properly documented;
- 1109 ▪ All administrative and financial requirements have been satisfied; and
- 1110 ▪ The PoP has concluded.

1111 Closeout formally ends the active life of the grant and allows the ARP Field Office to de-obligate any
1112 remaining funds and issue the final project determination.

1113 Grant closeout requirements apply to all AIP grant types, including development, planning, equipment,
1114 land acquisition (including easements), and SBGP projects. This process is conducted in accordance with
1115 [2 CFR Part 200](#).

1116 4-8.1. CLOSEOUT TRIGGERS

1117 Grant closeout generally begins when:

- 1118 ▪ The project is physically complete;
- 1119 ▪ The project is financially complete; and
- 1120 ▪ The PoP has ended, or all work has been completed prior to the end of the PoP.

1121 Both physical and financial completion must occur before a grant can be closed. If the PoP ends before
1122 work is completed, the sponsor must seek appropriate action (*e.g.*, amendment or extension) prior to
1123 expiration.

1124 4-8.2. PERIOD OF PERFORMANCE (POP)

1125 The establishment and management of the PoP for each grant are covered under [2 CFR Part 200](#).

1126 For AIP grants, the PoP is four years (1,460 calendar days) from the date of grant execution, unless
1127 otherwise specified in the grant agreement. The PoP begins on the date the grant agreement is fully
1128 executed, defined as the date of the last sponsor's signature (see [Section 4-4.6, Grant Execution](#)).

1129 The PoP represents the time during which the sponsor may incur new obligations to carry out the
1130 approved project. Obligations may include contracts, purchase orders, change orders, or other
1131 commitments requiring payment.

1132 Sponsors may incur new obligations only during the PoP:

- 1133 ▪ All obligations must be allowable and consistent with [2 CFR Part 200](#) and AIP requirements, and

- 1134 ▪ Costs must be incurred during the PoP unless otherwise authorized by the FAA (*e.g.*, approved
1135 pre-award costs).

1136 Once the PoP expires:

- 1137 ▪ No new obligations may be incurred;
1138 ▪ No additional costs may be incurred for reimbursement; and
1139 ▪ Sponsors may complete administrative activities necessary for closeout, provided no additional
1140 costs are incurred.

1141 Sponsors must finalize all costs and submit required closeout documentation in accordance with [2 CFR](#)
1142 [Part 200](#), generally no later than 120 calendar days after the end of the PoP, unless otherwise approved.

1143 Sponsors may request an extension of the PoP when additional time is needed to complete the
1144 approved project. Requests must:

- 1145 ▪ Be submitted in writing prior to the expiration of the PoP, and
1146 ▪ Include sufficient justification demonstrating that the extension is necessary to complete eligible
1147 project work.

1148 The FAA will evaluate extension requests based on project status, justification provided, and continued
1149 compliance with grant requirements. Extensions are expected to be limited and must not be requested
1150 solely to expend remaining funds.

1151 For SBGP grants, PoP requirements may differ. States must ensure that subawards are structured to
1152 allow completion and closeout within the overall PoP of the State's block grant and that subawards also
1153 include a PoP date per [2 CFR Part 200](#).

1154 4-8.2.1. PHYSICAL COMPLETION

1155 A project is physically complete when all work identified in the grant description has been finished and
1156 the project is operational for its intended purpose. Physical completion varies by project type.

1157 CONSTRUCTION AND DEVELOPMENT PROJECTS

1158 Physical completion typically occurs when:

- 1159 ▪ Construction work is finished;
1160 ▪ Final inspection has occurred;
1161 ▪ The sponsor has accepted the project;
1162 ▪ The facility is operational and usable for its intended purpose;
1163 ▪ All required FAA actions, including coordination with the Air Traffic Organization (ATO) (*e.g.*,
1164 commissioning, inspection, flight check, and/or acceptance), are complete, if applicable; and
1165 ▪ As-built plans and project documentation have been completed and accepted, as applicable.

1166 PLANNING AND STUDY PROJECTS

1167 Physical completion occurs when:

- 1168 ▪ All work products are delivered;

- 1169 ▪ Final reports or deliverables are accepted by the ARP Field Office; and
 1170 ▪ The project scope has been fully completed.

1171 EQUIPMENT ACQUISITION PROJECTS

1172 Physical completion occurs when:

- 1173 ▪ All equipment has been delivered and installed, if applicable;
 1174 ▪ The equipment is operational and placed into service;
 1175 ▪ Required inspections, testing, and acceptance procedures are complete;
 1176 ▪ The sponsor has accepted the equipment and completed final payment;
 1177 ▪ All required FAA coordination or approvals (including ATO, if applicable) are complete; and
 1178 ▪ Required inventory or asset records have been updated and submitted to the ARP Field Office, as
 1179 applicable.

1180 Examples include aircraft rescue and firefighting (ARFF) vehicles, snow removal equipment (SRE), safety
 1181 equipment, and maintenance equipment.

1182 Equipment must be placed into service and available for airport use before the grant may be closed.

1183 LAND ACQUISITION PROJECTS

1184 Physical completion occurs when:

- 1185 ▪ The property interest has been acquired in accordance with the approved project;
 1186 ▪ All required documentation, including title, appraisal, acquisition records, and Exhibit A update
 1187 have been completed and accepted by the ARP Field Office; and
 1188 ▪ The land is available for its intended airport purpose.

1189 4-8.2.2. FINANCIAL COMPLETION

1190 Financial completion occurs when:

- 1191 ▪ All project costs have been incurred;
 1192 ▪ All contractor and vendor payments have been made;
 1193 ▪ Final payment has been requested from the ARP Field Office; and
 1194 ▪ No further costs will be charged to the grant.

1195 Sponsors must not delay closeout to retain unused funds.

1196 4-8.3. SPONSOR CLOSEOUT SUBMITTAL RESPONSIBILITIES

1197 In accordance with [2 CFR § 200.344](#), sponsors must submit all required closeout documentation within
 1198 120 calendar days after the end of the PoP, unless an extension is approved by the FAA. Required
 1199 closeout documentation includes financial, performance, and other reports as specified in the grant
 1200 agreement.

1201 For SBGP grants, the State serves as the pass-through entity and must establish a PoP for subawards
 1202 issued to airport sponsors. Subrecipients must submit all required closeout documentation to the SBGP

1203 State no later than 90 calendar days after the end of the PoP of the subaward, or an earlier date as
 1204 established by the State.

1205 When justified, the ARP Field Office or the SBGP State, as applicable, may approve extensions to the
 1206 closeout submission timeframe. SBGP States should coordinate with the ARP Field Office and with ARP
 1207 Headquarters, as appropriate, when considering extensions that may affect overall grant closeout.

1208 During the grant closeout process, sponsors must certify the following:

- 1209 ▪ The approved project scope has been completed in accordance with the grant agreement and
 1210 applicable Federal requirements;
- 1211 ▪ All allowable project costs have been incurred, documented, and reported;
- 1212 ▪ Required final inspections, acceptance actions, and performance reports have been completed;
- 1213 ▪ All required financial reports have been submitted; and
- 1214 ▪ Any outstanding grant conditions or compliance issues have been resolved, unless otherwise
 1215 addressed by the FAA.

1216 Once the project is physically and financially complete, the sponsor must submit a grant closeout
 1217 package to the ARP Field Office. [Table 4-8.1, Sponsor Closeout Documentation Requirements](#), identifies
 1218 the minimum documentation required for grant closeout. The ARP Field Office may request additional
 1219 documentation, as necessary, to support grant closeout based on project type, complexity, or other
 1220 relevant factors.

1221 **TABLE 4-8.1. SPONSOR CLOSEOUT DOCUMENTATION REQUIREMENTS**

Document / Form	Purpose
Final Federal Financial Report: SF-425	Documents final project costs, Federal share, program income, disputed costs, and any required repayment.
Final payment request: SF-270 (non-construction) or SF-271 (construction projects)	Requests final reimbursement or advance and confirms final disbursements.
Final vendor invoices and supporting financial documentation	Verifies final incurred costs and supports reconciliation of grant payments.
Project completion documentation appropriate to the project type	Demonstrates physical completion of the project. Documentation varies by project type. Typical examples include: Construction Project: Final construction acceptance documentation and record drawings. Planning and Environmental Projects: Final planning and environmental deliverables and acceptance of reports. Equipment Projects: Equipment delivery, installation, and acceptance documentation, and updated equipment inventory lists, as applicable.

Document / Form	Purpose
	<p>Noise Compatibility Projects: Noise program deliverables, such as an updated noise land inventory, reuse plans, or other required documentation.</p> <p>Land or Development Projects: Updated ALP, Exhibit A Property Map, easement documentation, or other required property documentation.</p>
<p>All required Sponsor Certifications (as applicable):</p> <ul style="list-style-type: none"> ▪ Selection of Consultants (FAA Form 5100-134) ▪ Project Plans and Specifications (FAA Form 5100-132) ▪ Equipment / Construction Contracts (FAA Form 5100-131) ▪ Real Property Acquisition (FAA Form 5100-133) ▪ Construction Project Final Acceptance (FAA Form 5100-129) ▪ Drug-Free Workplace (FAA Form 5100-130) ▪ Conflict of Interest Certification (FAA Form 5100-135) 	<p>Confirms compliance with procurement, land acquisition, construction, and Federal grant requirements.</p>
<p>Documentation of program income and liquidated damages (if applicable)</p>	<p>Must be reported on SF-425 and deducted from the Federal share.</p>
<p>Documentation of disputed costs (if applicable)</p>	<p>Sponsor may request reimbursement only for undisputed costs.</p>
<p>Repayment of any overpayment (if applicable)</p>	<p>Required when payments exceed the Federal share of allowable costs.</p>

1222 When overpayment is identified, the ARP Field Office will take appropriate action to recover the funds
 1223 and ensure proper documentation in the grant file. Recovery actions may involve coordination with FAA
 1224 financial management offices, including Accounts Payable (AMK).

1225 If there is a reason to believe that overpayment may involve fraud, waste, or abuse, the matter will be
 1226 referred to the [OIG hotline](#) in accordance with applicable FAA and DOT OIG procedures.

1227 **4-8.4. FINAL FINANCIAL RECONCILIATION**

1228 The ARP Field Office reviews the closeout package to determine:

- 1229 ▪ Total allowable project costs;

- 1230 ▪ Final Federal share; and
- 1231 ▪ Amount of funds to be paid or de-obligated.

1232 The ARP Field Office may reduce the grant amount to reflect final costs. A separate amendment is not
1233 required when reductions occur as part of closeout.

1234 4-8.5. FINAL PAYMENT

1235 Final payment represents the last disbursement of Federal funds under the grant.

1236 Final payment will not be made until the ARP Field Office determines that:

- 1237 ▪ The project is physically complete;
- 1238 ▪ The project is financially complete;
- 1239 ▪ All required documentation has been submitted; and
- 1240 ▪ All compliance requirements have been met.

1241 No more than 90% of the Federal share may be paid prior to project completion unless approved by the
1242 ARP Field Office.

1243 4-8.6. FINAL PROJECT DETERMINATION

1244 After completing its review, the ARP Field Office issues the final project determination, and issues formal
1245 closeout documentation (*e.g.*, closeout letter), which:

- 1246 ▪ Establishes the final Federal participation amount;
- 1247 ▪ Confirms project completion; and
- 1248 ▪ Formally closes the grant.

1249 This determination is documented in the grant file.

1250 4-8.7. DETERMINATION OF UNUSED FUNDS

1251 If the final Federal share is less than the amount obligated, unused funds will be de-obligated during the
1252 closeout process.

1253 Sponsors are encouraged to complete projects promptly to allow unused funds to be reallocated.

1254 4-8.8. CLOSEOUT COMPLETION

1255 Once all actions are complete:

- 1256 ▪ The grant is closed in the FAA grant management system;
- 1257 ▪ The grant is closed in the DOT financial management system;
- 1258 ▪ Remaining funds are de-obligated; and
- 1259 ▪ The grant transitions to post-closeout oversight.

1260 The ARP Field Office issues a grant closeout letter to the sponsor after the grant is closed in both the FAA
1261 and DOT financial management systems.

1262 Grant closeout does not terminate the sponsor's ongoing [grant assurance](#) obligations.

1263 4-9. POST-CLOSE OUT ACTIONS

1264 Certain sponsor obligations continue after a grant is closed. These post-closeout responsibilities ensure
 1265 long-term compliance with Federal requirements, protect the Federal investment, and support
 1266 continued oversight of airport development funded under the AIP.

1267 Post-closeout responsibilities apply to all AIP grant recipients, including development, planning,
 1268 equipment, land acquisition (including easements), and SBGP projects.

4-9.1. RECORD RETENTION REQUIREMENTS

1270 Sponsors must retain grant-related records in accordance with [2 CFR Part 200](#) and the [grant assurances](#).

1271 Record retention requirements, including retention periods and exceptions, are provided in [Section 4-](#)
 1272 [6.4.5, Record Retention](#). Sponsors must comply with those requirements for all records associated with
 1273 AIP grants.

1274 Records include, but are not limited to:

- 1275 ▪ Financial records and supporting documentation;
- 1276 ▪ Procurement and contract documentation;
- 1277 ▪ Land acquisition documentation;
- 1278 ▪ Equipment inventory records;
- 1279 ▪ Environmental and planning documentation; and
- 1280 ▪ Grant amendment and closeout correspondence.

1281 If litigation, audit, or another review begins before the end of the three-year retention period, the
 1282 sponsor must retain records until all issues are fully resolved and final action is taken.

1283 Sponsors must provide records upon request to:

- 1284 ▪ The FAA;
- 1285 ▪ The DOT OIG;
- 1286 ▪ The GAO; and
- 1287 ▪ Independent auditors acting on behalf of the Federal government.

4-9.2. REOPENING CLOSED GRANTS

1289 A closed grant may be reopened if necessary to correct payment or eligibility issues. The ARP Field Office
 1290 may reopen a grant when it determines that:

- 1291 ▪ The sponsor was not reimbursed for allowable costs, or
- 1292 ▪ The sponsor received reimbursement for unallowable costs.

1293 Reopening a grant is a rare action and requires coordination with and approval from ARP Headquarters.

4-9.3. AUDIT REQUIREMENTS

1295 AIP grants remain subject to audit after closeout. Sponsors must maintain records and comply with
 1296 applicable Federal audit requirements to ensure continued accountability for the use of Federal funds.

4-9.3.1. SINGLE AUDIT REQUIREMENTS

1298 Sponsors must comply with [2 CFR Part 200, Subpart F - Audit Requirements](#).

1299 Sponsors that expend Federal funds in excess of the threshold established in [2 CFR Part 200](#) during their
 1300 fiscal year must obtain a Single Audit in accordance with the Single Audit Act of 1984 ([P.L. 98-502](#)), as
 1301 amended. Single Audits may include a review of AIP grants regardless of whether the grant is open or
 1302 administratively closed.

1303 **4-9.3.2. ADDITIONAL AUDITS AND REVIEWS**

1304 The FAA may conduct or request additional audits, reviews, or examinations of AIP grants when
 1305 necessary to ensure compliance with applicable statutes, regulations, and [grant assurances](#). Revenue use
 1306 compliance reviews are also conducted under [FAA Order 5190.6, Airport Compliance Manual](#).

1307 **4-9.4. DISPOSITION OF AIP-FUNDED EQUIPMENT**

1308 Sponsors must manage equipment purchased with AIP funds in accordance with [2 CFR Part 200](#).
 1309 When AIP-funded equipment is no longer needed for the original project or has reached the end of its
 1310 useful life, the sponsor must coordinate with the ARP Field Office before disposal, sale, transfer, or reuse.

1311 **4-9.4.1. EQUIPMENT WITH FAIR MARKET VALUE (FMV) AT OR ABOVE FEDERAL THRESHOLD**

1312 Disposition of equipment with a FMV at or above the Federal threshold must be coordinated with the
 1313 ARP Field Office and must follow [2 CFR Part 200](#) equipment disposition requirements.

1314 [Table 4-9.1, Disposition of Equipment with Significant Fair Market Value](#), summarizes the disposition
 1315 actions and associated requirements for equipment with a FMV at or above the Federal threshold.

1316 **TABLE 4-9.1. DISPOSITION OF EQUIPMENT WITH SIGNIFICANT FAIR MARKET VALUE**

Sponsor Action	Requirement
Retain equipment for continued airport use	No reimbursement to the FAA is required. The equipment must continue to be used for airport purposes and remain subject to the Federal interest.
Retain equipment for non-airport use	The sponsor must reimburse the FAA for the Federal share of the equipment’s FMV at the time of disposition.
Transfer equipment to another eligible airport sponsor	The receiving sponsor assumes all applicable Federal obligations associated with the equipment. The transfer must be coordinated with and approved by the ARP Field Office.
Sell or transfer equipment to a non-eligible entity	The sponsor must reimburse the FAA for the Federal share of the equipment’s FMV.
Reimburse the FAA	Reimbursement is typically accomplished by reducing the cost of the sponsor’s next AIP grant, unless otherwise directed by the ARP Field Office.

1317 **4-9.5. DISPOSITION OF AIP-FUNDED LAND**

1318 Under [49 U.S.C. § 47107](#), sponsors must dispose of AIP-funded land when it is no longer needed for
1319 airport purposes, except for noise compatibility purposes.

1320 An “airport purpose” includes:

- 1321 ▪ Current of foreseeable aeronautical use;
- 1322 ▪ Runway protection zones;
- 1323 ▪ Noise buffer land; and
- 1324 ▪ Interim revenue-generating uses that support airport self-sufficiency.

1325 When land is no longer needed, the sponsor must request a land release or a land use change approval
1326 or consent from the ARP Field Office.

1327 4-9.5.1. USE OF PROCEEDS FROM LAND DISPOSAL

1328 In accordance with [49 U.S.C. § 47107](#), the Federal share of the FMV must be reinvested in the following
1329 order of priority:

- 1330 ▪ Approved noise compatibility projects;
- 1331 ▪ Eligible airport development projects under [49 U.S.C. § 47117](#);
- 1332 ▪ Transfer to another public airport sponsor for an approved noise compatibility project; or
- 1333 ▪ Payment to the FAA for deposit in the Airport and Airway Trust Fund (AATF).

1334 Disposition of land occurs outside the grant process and requires ARP Field Office approval.