



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

Memorandum

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Subject: Program Guidance Letter #14

Date: DEC 14 1983

From: *Lowell Johnson*
Lowell Johnson
Manager, Grants-in-Aid Division, APP-500

Reply to
Attn of: CASTELLANO:426-3857

To: All Regions and AAC-960
Attention: Manager, Airports Division

14.1 Programming Safety/Security Items - Ben Castellano (426-3857)

PGL 9.9 contained guidelines for the submission of items which fall into the area of "safety and security equipment...specifically approved by the Secretary as contributing significantly to the safety or security of persons and property at such airport."

Several items have since been sent to AAS-300 for their approval/disapproval, but were lacking in any regional recommendation. For AAS-300 to make a proper evaluation and recommendation on the eligibility of funding such items, the request must include:

1. The sponsor's justification for the unique safety/security item with all pertinent supporting material.
2. The region's (or ADO's) position on the request as well as justification for that position. Programming personnel should get input from the Certification specialist in forming the region's position. A simple "yes" or "no" is not acceptable. This is not meant to increase the workload; but this information is necessary for the proper evaluation of the request.

14.2 Friction Measuring Devices - Ben Castellano (426-3857). AAS-1 recently issued the new specification for friction measuring devices, which is contained in Change 1 to AC 150/5320-12, "Methods for the Design, Construction, and Maintenance of Skid Resistant Airport Pavement Surfaces." The regions may now start to program these devices.

For programming this equipment, the following conditions will apply:

1. Since there can be more than one device meeting the new specifications, the A-102 competitive bid procurement procedure will be followed. While a sponsor cannot specifically request a self-contained or a towed vehicle, the AIP will fund a self-contained friction measuring device, a towed device, or a towed device along with a tow vehicle. However, if a towed friction

measuring device is funded without including a tow vehicle, the sponsor must provide adequate assurance that it has or will have available a tow vehicle that fully meets the FAA specification. Retrofitting of friction measuring devices and tow vehicles to meet the FAA specification is also eligible.

2. The specification in AC 150/5320-12, Appendix 6, Change 1, will be used.
3. Sponsors should be encouraged to coordinate with neighboring airports and purchase the device collectively since the equipment can effectively be used at more than one airport. State Departments of Transportation could act as agents or cosponsors if they are not otherwise eligible to obtain the friction measuring equipment.
4. Programming will be limited to commercial service airports having scheduled turbojet operations; however, the equipment could be used at any public use airport under arrangements outlined in 3 above.
5. The equipment is considered to be in the "standards" category of the 1984 AIP priority system.
6. The following special assurances will be included with the grant application:

"The sponsor will properly calibrate, operate, and maintain the friction measuring equipment in accordance with the manufacturer's guidelines and instructions and Advisory Circular, AC 150/5320-12, "Methods for the Design, Construction, and Maintenance of Skid Resistant Airport Pavement Surfaces." The friction measuring equipment and the tow vehicle, if funded under AIP, shall not be used for any purpose other than conducting friction measuring tests on airport pavement surfaces and directly related activities such as training and calibration. Personnel operating the equipment shall be adequately trained in the use and operation of the equipment. The sponsor will allow periodic inspections by FAA personnel to verify that the equipment is being properly used and the operators adequately trained."

14.3 Procurement of Equipment Under the AIP - Bob David (426-3857)

Attached is a copy of an ARP-1 memorandum to all regions on procurement. Since this is program guidance, this PGL item simply incorporates the guidance into the PGL system for your convenience.

14.4 Use of Recovered ADAP Funds - Angela Ferrari (426-8590)

All ADAP accounts (pre 1982 grant program account codes numbered 53, 54, 55, 73, 74, and 76) are classified as expired accounts and are not subject to the OMB apportionment process or to any ceilings on use of recoveries. These ADAP funds may be recovered and development program funds (Codes 53, 54, 73, and 74) may be reobligated as needed to cover up to a 10 percent maximum increase on original ADAP development grants. Ceilings on use of recoveries will continue to apply to all AIP accounts (post 1981 grant program account codes numbered 84 and 93 (Jobs)).

14.5 Changes in Airport Classification - John Sekman (426-8590)

Primary Airports

Questions have arisen regarding use of entitlement funds at airports whose classification has changed from primary to nonprimary. Any entitlement funds earned by an airport will be available to that airport for the entire 3-year life of those entitlements regardless of any subsequent change in airport classification.

Should a primary airport be inadvertently or erroneously classified as a nonprimary in the annual announcement of entitlement distribution, a sum equivalent to the earned entitlements may be made available to the airport from discretionary funds.

Reliever Airports

APP-400 may designate airports as relievers (assuming they meet criteria for relievers) at any time during the year, and they may be funded with reliever funds as soon as so designated.

Other Airports

A few airports change from general aviation to commercial and vice versa during a year. For funding classifications for these borderline airports consult with headquarters.

Attachment

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Memorandum

Subject: INFORMATION: Procurement of Equipment
Under the AIP

Date: 29 NOV 1983

From: *Jim*
William F. Shea
Associate Administrator for Airports, ARP-1

Reply to
Attn. of: DAVID:426-3857

To: All Regions
Attention: Manager, Airports Division

There have been several questions regarding the standards to be used for the acquisition of equipment under the Airport Improvement Program. These questions usually surface during the procurement process and relate to the role of the sponsor and the FAA in specifying the standards to be used. Questions have also arisen on the use of life cycle costs in the procurement process.

In order to ensure uniform practices in this area, the following guidance is being issued. This material will be incorporated, as appropriate, in the AIP Handbook when it is finalized and in other FAA orders.

Authority of FAA to Require Specifications

Under Section 509(a)(1) of the Airport and Airway Improvement Act of 1982, the FAA is authorized to establish or approve standards for airport development which will be accomplished with AIP funds.

In establishing standards, the FAA's usual practice is to develop a proposed standard which is extensively coordinated with members of the aviation community. Comments received during the coordination process are considered in finalizing the standard. The FAA's objective is to establish a standard that will provide acceptable levels of safety, economy, durability, and workmanship. The standards established for equipment satisfy the preceding objective and are consciously tailored so as not to favor any particular manufacturer.

Application of CFR and Snow Removal Equipment Standards

Sponsors in the past generally have been required to accept the lowest bid for crash, fire, rescue (CFR), and snow removal equipment meeting the requirements contained in the FAA specification. In many instances, the specifications are written with "either/or" clauses (e.g., "the truck will be powered by either a diesel or gasoline engine"). Some sponsors have complained that this allows the manufacturer to select the component (e.g., the type of engine) rather than the sponsor and that the resulting equipment may not fulfill their needs.

In reviewing this issue, we have concluded that sponsors should be allowed more flexibility in the application of the specifications. We will now permit airport sponsors to select and specify in their bidding documents those equipment features and characteristics when the FAA standard specifications for CFR and snow removal equipment allow a choice. However, in selecting features or characteristics within the specification the sponsor must assure the FAA that at least two manufacturers will be able to meet the selected specification. In cases where sponsor selections are likely to result in only one qualified manufacturer, field personnel must secure from the sponsor sufficient justification for those selected features that create the exclusivity since the resulting procurement would be noncompetitive. When appropriate, advice from Washington headquarters should be sought.

Field offices may also approve the purchasing of equipment containing additional features not contained in the FAA specification. Unless the additional features represent state-of-the-art development, Federal financial participation shall be limited to those features incorporated in the specification and some basis must be established for determining the cost of the nonessential items. State-of-the-art features may be eligible for participation if approved by AAS and justified by the airport sponsor. In no case can these added features (other than state-of-the-art ones) result in the elimination of competitive bidding by specifying a design limited exclusively to one manufacturer.

These changes are effective immediately.

Formal Advertising Procurements

In order for formal advertising to be feasible, Attachment 0 to OMB Circular A-102 lists three minimal conditions which must be present:

- (a) A complete, adequate and realistic specification or purchase description is available.
- (b) Two or more responsible suppliers are willing and able to compete effectively for the grantee's business.
- (c) The procurement lends itself to a firm-fixed-price contract, and selection of the successful bidder can appropriately be made principally on the basis of price.

Since procurements under the Airport Improvement Program for equipment meet these three criteria, formal advertising is appropriate. Sponsors should be advised to consult with the FAA to assure that grant requirements will be met when a sponsor desires to use a procurement method other than formal advertising for equipment acquisition (e.g., noncompetitive negotiation). The consultation should take place before beginning the procurement process.

As previously stated in Lowell Johnson's letter of June 15, 1982, when formal advertising is used, a sponsor must award to the responsible bidder whose bid, conforming to the invitation for bids, is lowest. The low bid is usually determined by the initial acquisition plus, if applicable, installation costs. However, other cost factors, such as discounts, transportation costs, and life cycle costs, may be considered in determining the low bid, if they are specified in the invitation for bids.

Use of Life Cycle Costs in Formal Advertising

The concept of life cycle costs recognizes that although an item may have the lowest initial cost, it may actually be more expensive than some other item, when other costs such as those associated with operation and maintenance are considered. Under the life cycle cost concept, any costs expected to be incurred for the item over its useful life (i.e., acquisition, installation, operation, and maintenance) are considered. In formal advertising, life cycle costs may, at the sponsor's option, be used to determine the low bid if the following three conditions are met:

1. The invitation for bids states that life cycles costs will be used in determining the low bidder.
2. The factors to be considered must be specified and the costs associated with the factors must be quantifiable.

Specified means that the invitation for bids must specifically state the factors that will be included in the life cycle cost computation. Examples of factors that could be specified include annual fuel consumption for a motor vehicle, electrical consumption and lamp replacement for lighting equipment, recurring inspection, and maintenance. Sponsors should attempt to specify in the bidding invitation all factors that have quantifiable costs.

Quantifiable means that there must be sufficient information available so that costs associated with these factors can be readily calculated. Calculation of energy consumption costs is fairly straightforward and should be based upon some objective standard or independent testing. For lighting equipment, electricity consumption and lamp replacement shall be based upon the rating assigned by the manufactureres of the components rather than the equipment manufacturer. Calculation of costs associated with recurring inspections and maintenance is much more difficult. Generally, costs associated with maintenance should only be included in the life cycle costs computation if a fair and accurate calculation of such costs can be made. Maintenance costs, if used, should be independently validated.

3. The invitation for bids explains how the costs for each of the specified factors will be calculated.

The costs associated with a factor can vary substantially depending upon how it is calculated. For this reason, the sponsor should include in the bidding document any assumptions that it will use in making the calculation. For example, if the fuel consumption of a vehicle will be considered, the invitation should state the expected number of annual miles and the price of fuel that will be included in the calculation. The period of time over which the life cycle costs will be calculated should also be stated.

When the preceding conditions are met, the item that meets the bidding specification and has the lowest life cycle cost is the successful bid. Sponsors desiring to use the life cycle cost concept should be advised to consult with FAA offices before issuing an invitation for bids to assure that their procurement procedure will meet grant requirements.

Additional Information

The following AAS personnel should be contacted for additional information on the following types of equipment:

CFR Equipment - Bert Ruggles - 426-3444
Snow Removal Equipment - Les Vipond - 426-3061
Lighting Equipment - Bob Bates - 426-3824

Questions on procurement procedures and requirements should be directed to APP's Robert David (426-3857).