



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

Memorandum

Subject: Program Guidance Letter 86-2

Date: January 28, 1986

From: Manager, Grants-in-Aid Division, APP-500

Reply to
Attn. of:

To: PGL Distribution List

86-2.1 - Use of a Contingency Factor in Establishing Grant Amounts - Dick Rodine (426-3857). We continue to receive inquiries on whether a contingency factor can be used in establishing the amount of a grant. A line item contingency should not appear in line 18 of FAA Form 5100-100. The emphasis of the AIP is to issue grants based on bids, thereby minimizing the need for project contingencies. Furthermore, to include a separate contingency factor in establishing the project cost would tie up funds which would be utilized for other priority work.

A review of the airport grant program legislative history has identified that the Congressional authorization for the 10 percent grant amendment capability was provided specifically to reduce the need for airport grants to include contingency amounts and, therefore, provide FAA a tool to more effectively manage its grant program. Congressional philosophy was that a project contingency would not be required since the grant could be amended at a later date. This philosophy remains applicable to the current AIP and project contingencies should not be included when determining the grant amount. Payment for project contingencies is, of course, not allowable.

86-2.2 - Eligibility of Equipment Procurement Under System Planning - Bob Yatzek (426-3857). Paragraph 402.b.(16) of the AIP Handbook declares the purchase of computer equipment to be ineligible as part of an airport master planning project. Our policy with respect to computers is that the purchase of project-specific software such as that associated with development of a simulation model is eligible. The lease or rental of hardware or the rental of computer services is also eligible, but the purchase of computer equipment is ineligible. This policy is an outgrowth of our general policy that the purchase of office equipment is ineligible. This prohibition extends as well to airport system planning projects and a forthcoming change to the AIP Handbook will clarify this point.

The procurement under airport system planning of certain project-specific equipment such as RENS acoustical aircraft operations counters may be permissible. Contact APP-500 prior to approving a system planning project including the procurement of such equipment in order that we may maintain agency-wide uniformity on eligibility.


for Lowell H. Johnson

Attachment
Updated Index

Canceled

Index for New Program Guidance Letters System

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PGL #85-1 - May 31, 1985

- 85-1.1 Airport Planning Eligibility
- 85-1.2 Definition of Airport Revenue
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- 85-1.4 Advance of Grant Payments
- 85-1.5 Changes in Airport Classification
- 85-1.6 Portable Hangars on Federally Funded Aprons
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PGL #85-2 - August 30, 1985

- 85-2.1 Deletion of Air Conditioning from "Basic" Noise Attenuation Package

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- 86-1.1 Taxiway Holding Position Markings

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- 86-2.1 Use of a Contingency Factor in Establishing Grant Amounts
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