



U.S. Department
of Transportation

Federal Aviation
Administration

Memorandum

Subject Program Guidance Letter 89-7

Date 29 SEP 1989

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

Reply to
Attn of

To PGL Distribution List

89-7.1 Reimbursement for Noise Compatibility Projects - Ellis Ohnstad (267-8824).

The Noise Reduction Reimbursement Act of 1989 (Public Law 101-71, August 4, 1989) amended section 513(a)(2) of the AAIA as shown in attachment 1. The effect of the amendment is that costs incurred by an airport sponsor for certain noise compatibility projects before execution of a grant can be reimbursable. Reimbursement is authorized for costs (including project formulation costs) which were incurred:

- (1) after June 1, 1989,
- (2) by the airport sponsor,
- (3) before, on, or after the execution of the grant agreement,
- (4) to implement a part of the airport operator's approved NCP, and
- (5) in accordance with all applicable statutory and administrative requirements.

Note that this provision authorizes reimbursement only to airport sponsors, not to other units of local government, for projects in FAA-approved noise compatibility programs. Public schools and hospitals for which eligibility is established under section 104(c)(3) of the ASNA Act without an approved NCP do not qualify under this provision.

As with land acquisition and project formulation costs for airport development projects, the FAA should work closely with the sponsor to ensure that all programming requirements are met so that eligibility is not jeopardized.

89-7.2 Contractor's Liability Insurance Coverage (Reference PGL 88-4.5) - Ellis Ohnstad (267-8824).

We have recently been queried on the extent of eligibility of the amount of contractor's liability insurance that can be required by sponsors when advertising for bids. The referenced PGL did not intend that reasonable and customary minimum liability coverages carried by contractors on themselves be disallowed or bid separately. Where sponsors routinely include requirements for minimum liability insurance coverages in all public works projects of comparable scope, they may be considered as reasonable and necessary overhead costs and will be allowable under the AIP.

89-7.3 Ineligibility of Air Traffic Control Towers (ATCT) under the AIP - Ben Castellano (267-8822).

In a recent determination of eligibility, concurred in by FAA Assistant Chief Counsel, AIP funds may not be used for the relocation or replacement of sponsor or FAA owned ATCT's. However, demolition and removal costs would be eligible in accordance with Order 5100.38, paragraph 595, Purchase, Relocation, or Demolition of Noneligible Buildings. The revised AIP handbook will reflect this guidance.


Lowell H. Johnson

Attachment

AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1982

as amended by

THE AIRPORT AND AIRWAY SAFETY AND
CAPACITY EXPANSION ACT OF 1987

as further amended by

THE NOISE REDUCTION REIMBURSEMENT ACT OF 1989
(PUBLIC LAW 101-71, AUGUST 4, 1989)

Sec. 513. PROJECT COSTS.

(a) ALLOWABLE PROJECT COSTS.--

* * * * *

(2) (A) it was incurred subsequent to the execution of the grant agreement with respect to the project,

* * * * *

and direct costs associated with developing the project work scope which were incurred subsequent to May 13, 1946; or

(B) it was incurred after June 1, 1989, by the airport operator and before, on, or after the execution of the grant agreement and was incurred as part of the airport operator's federally approved airport noise compatibility program (including project formulation costs) and in accordance with all applicable statutory and administrative requirements;

NOTE: New language is underlined.