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Petitioner: Anne L. Julio.
Sections of the FAR Affected: 14 CFR 121.311(b).

Description of Relief Sought/Disposition: To allow Ms. Jacqueline A. Julio to be secured by a personal safety belt and held on her caregiver's lap while on board the aircraft although she has reached her second birthday.

Grant, June 3, 1997, Exemption No. 5195C.

Docket No.: 28846.

Petitioner: Gulfstream International Airlines, Inc.
Sections of the FAR Affected: 14 CFR 121.359(g).

Description of Relief Sought/Disposition: To allow Gulfstream International Airlines, Inc., to operate certain Beechcraft 1900 C aircraft with oxygen masks that are not equipped with an installed microphone.

Grant, June 2, 1997, Exemption No. 6596A.

Docket No.: 18114.

Petitioner: Federal Express Corporation.
Sections of the FAR Affected: 14 CFR 121.547(c) and 121.583(a).

Description of Relief Sought/Disposition: To permit Federal Express Corporation to carry a reporter, photographer, or journalist aboard its Boeing 747 and McDonnell Douglas DC-8 aircraft without complying with certain passenger-carrying requirements of part 121.

Grant, June 3, 1997, Exemption No. 2600K.

Docket No.: 28842.

Petitioner: Air Tahoma, Inc.
Sections of the FAR Affected: 14 CFR 121.345(c).

Description of Relief Sought/Disposition: To allow Air Tahoma to operate without a TSO-C112 (Mode S) transponder installed in its aircraft operating under the provisions of part 121.

Grant, June 2, 1997, Exemption No. 6635.

Docket No.: 28847.

Petitioner: Trans States Airlines.
Sections of the FAR Affected: 14 CFR 121.433(c)(1)(iii), and 121.441 (a)(1) and (b)(1), and appendix F.

Description of Relief Sought/Disposition: To allow Trans States Airlines regulatory relief to the extent necessary to establish an annual single visit training program for its pilots in an effort to eventually transition into the Advanced Qualification Program codified in Special Federal Aviation Regulation No. 58.

Grant, June 3, 1997, Exemption No. 6636.

Docket No.: 23753.

Petitioner: Saudia Arabian Airlines Corporation.

Sections of the FAR Affected: 14 CFR 61.2, 63.2, and 67.12.

Description of Relief Sought/Disposition: To allow Saudia pilots to be examined for and issued U.S. certificates and ratings required to operate its fleet as if it were a certificated U.S. air carrier. The amendment would expand the exemption to include Boeing 747-400, Boeing 777-200, McDonnell Douglas MD-11F, and McDonnell Douglas MD-90 aircraft.

Grant, June 7, 1997, Exemption No. 3923H.

Docket No.: 28855.

Petitioner: Offshore Logistics, Inc.
Sections of the FAR Affected: 14 CFR 135.152(a).

Description of Relief Sought/Disposition: To allow Offshore Logistics, Inc., to operate certain rotorcraft with a seating configuration, excluding any pilot seat, of 10 to 19 seats without an approved flight data recorder.

Grant, June 4, 1997, Exemption No. 6637.

[FR Doc. 97-16526 Filed 6-23-97; 8:45 am]
BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Rotorcraft Emergency Float Systems Advisory Material; Technical Workshop

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of technical workshop.

SUMMARY: The FAA is conducting a technical workshop open to the public to discuss advisory material on Rotorcraft Emergency Float Systems which will be included in advisory circulars (ACs) 27-1, Certification of Normal Category Rotorcraft, and 29-2A Certification of Transport Category Rotorcraft. This material will be published in summer 1998 as an appendix to ACs 27-1 and 29-2A. **DATES:** The workshop will be held from 8 a.m. to 4:30 p.m. CDT on July 15-16, 1997.

ADDRESSES: The workshop will be held at the FAA Southwest Regional Office, 2601 Meacham Boulevard, Don P. Watson Conference Room, 4th Floor, Room 448, Fort Worth, Texas 76137.

FOR FURTHER INFORMATION CONTACT: Sharon Miles, Rotorcraft Standards Staff, FAA, Rotorcraft Directorate, Fort Worth, Texas 76193-0110, telephone (817) 222-5122 or fax (817) 222-5961.

SUPPLEMENTARY INFORMATION: The workshop will discuss an appendix to ACs 27-1 and 29-2A pertaining to emergency flotation systems used on rotorcraft not specifically certificated for ditching but used for operations over-water. FAA representatives will give presentations on operational rules, ditching versus emergency flotation systems, and potential research and development programs relative to rotorcraft flotation systems. In addition, there will be presentations by float manufacturers, rotorcraft manufacturers, and operators of rotorcraft with floats.

Workshop Procedures

The workshop is being chaired by the Rotorcraft Directorate. Participants will also include FAA representatives from Flight Standards and representatives from industry.

The following procedures will be used to conduct the workshop:

1. Registration will be accepted until July 3, 1997. There will be no registration fee. Registration may be accomplished by contacting the person listed under the caption **FOR FURTHER INFORMATION CONTACT**.

2. Statements by the FAA will be made to facilitate discussion and should not be taken as expressing a final FAA position.

3. The FAA will consider all material presented at the workshop by participants.

Issued in Fort Worth, Texas, on June 10, 1997.

Eric Bries,

Acting Manager, Rotorcraft Directorate,
Aircraft Certification Service.

[FR Doc. 97-16531 Filed 6-23-97; 8:45 am]
BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. 28939]

Policy and Guidance Regarding Benefit Cost Analysis for Airport Capacity Projects Requesting Discretionary Airport Improvement Program Grant Awards and Letters of Intent

AGENCY: Federal Aviation Administration; Department of Transportation.

ACTION: Notice of Policy; Request for Comments.

SUMMARY: The Federal Aviation Administration (FAA) is issuing interim guidance for conducting airport benefit cost analysis (BCA) for capacity projects using Airport Improvement Program

(AIP) grants or Letters of Intent (LOI). The FAA is also modifying in two ways its policy requiring BCAs for capacity projects when applying for AIP grants or LOIs awarded for capacity projects at the discretion of the Secretary of Transportation. These modifications are (1) To clarify that it is the airport sponsors who are required to prepare and submit BCAs and (2) to lower the threshold of expected cost, above which BCAs are required, from \$10 million to \$5 million. The objective is to improve the effectiveness of AIP investments in meeting capacity needs of the national airport system.

For all projects for which airport sponsors seek \$5 million or more in AIP capacity discretionary funds, a completed BCA must accompany the application for grants commencing in Fiscal Year 1998. With regard to LOIs, a BCA must be completed for any request for a LOI to be issued in Fiscal Year 1997 and thereafter.

The interim guidance follows the general structure used for all benefit cost assessments but has been extensively tailored for applicability to airport projects. The FAA invites airport sponsors and other interested parties to comment on the interim guidance. FAA will consider these comments in promulgating final BCA guidance for airport sponsors. Commenters are encouraged to base their observations on experience gained in using the interim guidance to actually evaluate projects.

Airport sponsors and other interested parties may obtain copies of the interim "FAA Airport Benefit-Cost Analysis" by contacting either of the individuals named below under the heading **FOR FURTHER INFORMATION CONTACT**.

DATES: Comments must be received by June 24, 1998. Effective date June 24, 1997.

ADDRESSES: Comments should be mailed, in triplicate, to Federal Aviation Administration, Office of Chief Counsel, Attention: Rules Docket (AGC-200), Docket 28939, 800 Independence Avenue, SW., Washington, DC 20591.

FOR FURTHER INFORMATION CONTACT: Ellis Ohnstad, Manager, Airports Financial Assistance Division (APP-500), Federal Aviation Administration, 800 Independence, SW., Washington, DC 20591, (202) 267-3831; or Ward Keech, Policy and Systems Analysis Division (APO-200), Office of Aviation Policy and Plans, Federal Aviation Administration, 800 Independence, SW., Washington, DC 20591, (202) 267-3321.

SUPPLEMENTARY INFORMATION: The Secretary of Transportation and the Administrator of the FAA are charged

with maintaining a national aviation system that operates safely and efficiently. The Federal Government pursues this objective in part by investing Federal funds, via AIP grants-in-aid, in modern airport facilities sufficient to handle current and future air traffic and by facilitating local investment in such facilities.

AIP was first authorized in the Airport and Airway Improvement Act of 1982 (the AIAA). On July 5, 1994, the President signed Public Law 103-272, Codification of Certain U.S. Transportation Laws as Title 49, United States Code (the Codification), which now contains the statutory authority for the AIP (the AIAA was repealed by enactment of the Codification). The Codification provides authority and direction for the award of formula and discretionary grants-in-aid-by the Secretary. Section 47115 of the Codification authorizes the Secretary to make AIP discretionary funds available in a manner that the Secretary considers most appropriate for carrying out the purposes of chapter 471, subchapter 1, of the Codification (i.e., airport improvement). Section 47110(e) establishes authority for the Secretary to issue LOIs. Section 47115(d) specifies that, in selecting projects for discretionary grants or LOIs to preserve and enhance capacity at airports, the Secretary must consider the projects' benefits and costs.

The FAA revised the prior award process in 1994 to include the preparation of BCA for discretionary capacity projects the costs of which were expected to exceed \$10 million. Those analyses were frequently prepared by FAA staff in consultation with project sponsors. Factors leading to that change included the need to improve the effectiveness of Federal airport infrastructure investments in light of a decline in Federal AIP budgets; issuance of Executive Order 12893, "Principles for Federal Infrastructure Investments" (January 26, 1994); and guidance from Congress citing the need for economic airport investment criteria.

Under the 1994 criteria, the FAA required the application of BCA to projects intended to preserve or enhance capacity for which sponsors seek large amounts of AIP discretionary funds. Projects to add new capacity or reconstruct existing capacity were included under the policy. LOIs and discretionary grant awards over \$10 million became contingent on demonstrating that a project's benefits exceed its costs.

In the Federal Register, Vol. 59, No. 209, October 31, 1994, the FAA issued

two notices of policy. The first, "Policy for Letter of Intent Approvals Under the Airport Improvement Program" [59 FR 54482], clarified the FAA's policies on reviewing and analyzing request for LOIs under the AIP or successor programs. The notice stated that the FAA will consider three factors in reviewing requests for LOIs; the project's effect on overall national air transportation system capacity; project benefit and cost; and the airport sponsor's financial commitment to the project. The notice further stated that the project must have present value benefits which exceed present value costs for LOI consideration. The policy was applicable to any request for LOI under AIP at primary or reliever airports for airside development projects with significant capacity benefits. It was intended to maximize the system-wide impact of capacity projects.

The other notice, "Policy Regarding Revision of Selection Criteria for Discretionary Airport Improvement Program Grant Awards" [59 FR 54484], stated that benefit-cost analysis would be required for any discretionary capacity grant application which was expected to equal or exceed \$10 million over the life of the project. The policy was undertaken to implement Executive Order 12893, "Principles for Federal Infrastructure Investments," and guidance provided in Congressional hearings regarding the use of economic analysis in evaluating Federal investment in airport infrastructure. The new policy was applicable to all new projects to be considered for AIP grant awards in FY 1995 and subsequent years.

Application of BCA for discretionary AIP grants was limited to those capacity projects for which the total value of requested discretionary capacity grants was expected to equal or exceed \$10 million over the life of the project. This limit assured that costs likely to be incurred in preparing a BCA were reasonable with respect to the value of the applications being evaluated. The \$10 million threshold was also the same value at which the FAA must notify Congress prior to the issuance of LOI awards.

Initially, FAA staff conducted the BCA to ensure the consistent application of BCA methodologies among different projects, but the LOI policy published in the October 31, 1994, Federal Register stated "the FAA may revise this policy." The discretionary AIP grant policy published on the same date also stated that future refinements would consider "assignment of some or all BCA responsibilities to project sponsors

(subject to FAA review)." Experience with airport capacity project BCA since the time of the published policies (October 31, 1994), has led FAA to believe that for BCA to be effective it has to be accomplished early in the airport planning process by the airport sponsor. This enables the airport sponsor to use the BCA in the alternatives selection process at a time when the BCA still has value. If the BCA is delayed until just before the airport sponsor requests discretionary AIP funds, many alternatives may not be considered because the planning process will have progressed to the point of excluding previously feasible pathways.

While the time at which a BCA is prepared is left to the discretion of the sponsor, appropriate occasions are during master planning, in conjunction with environmental studies, or during project formulation. Costs attributable to preparing the BCA are allowable costs in airport planning (including environmental analysis) projects and, like other project formulation costs such as for engineering and design, may be reimbursed in conjunction with a grant for a subsequent project.

With the information included in the interim "FAA Airport Benefit-Cost Analysis Guidance," airport sponsors will be able to apply uniform standards in their analysis of capacity projects. Also, by proposing that the airport sponsor perform the BCA, the FAA believes that the airport sponsor is more likely to accept the BCA as one of several useful tools, not merely as a requirement imposed from outside.

To establish some uniformity among analyses, the FAA prepared interim "FAA Airport Benefit-Cost Analysis Guidance," the document on which we now are soliciting comments. This interim guidance follows the standard structure of all benefit cost analysis. It consists of: defining the project objective; specifying assumptions; identifying a base case and its alternatives; determining the evaluation period; determining the effort to be expended in the analysis; assessing benefits and costs; comparing results of alternatives; performing sensitivity analyses; and making an informed recommendation. The interim guidance tailors each of these steps in the BCA process to the specific situation of airports and expresses FAA expectations, experience, and lessons learned for each step.

The FAA is requesting that airport sponsors and other interested parties comment on the interim guidance so that the final guidance will be as useful as possible to airport sponsors in

performing BCA. The FAA is soliciting comments on the guidance itself: selection of alternatives, proposed methodology, use of sensitivity analysis, and similar technical issues in the guidance. The FAA invites comments on the new \$5 million threshold for the project cost above which a BCA must be performed. Additionally, the FAA is inviting comments on the preparation of forecasts of enplanements and operations which are included in the official FAA forecasts. The official FAA forecasts use an annual structured process which allows for input from airports and other interested non-FAA parties. This annual process allows for the modification of forecasts to reflect changing conditions and the FAA specifically requests comments and airport sponsor participation in this review process.

There are certain BCA items on which the FAA is not allowed discretion and, therefore, on which we are not inviting comments, namely, (1) discount rate, (2) the value of life, (3) the value of injury, and (4) the value of time.

The revised policies for performing BCA are: airport sponsors are encouraged to perform BCA during the development of the airport master plans, in conjunction with environmental studies, or concurrently with other project formulation activities. When not feasible to include BCA during these activities, airport sponsors are responsible for conducting a BCA on a supplemental basis and submitting it to the FAA. The FAA is responsible for reviewing the BCA as part of the evaluation process of the AIP request; the FAA may request further detail on the BCA; the FAA may perform an independent BCA of the project.

That revised procedures described in this policy apply to any request for an LOI to be issued in Fiscal Year 1997 and thereafter, and to all new airport capacity projects requesting discretionary AIP grant awards in excess of \$5 million beginning in Fiscal Year 1998. FAA is reducing the threshold at which a BCA is required to \$5 million from \$10 million for three reasons. First, the Executive Order 12893 requires Federal agencies to apply BCA to all projects, and revising the previous policy threshold will move the agency further toward the goal established by the Executive Order. Second, in its 1994 notice of policy which announced the BCA requirement, FAA noted that, after evaluating its experience with the BCA process, it would consider establishing a lower threshold. FAA has concluded there is no technical reason the threshold cannot be reduced. Finally, the FAA has considered the additional

workload created by reducing the threshold and found that only a small increase in workload would result. For these reasons, the FAA has concluded that it is reasonable to establish the new threshold at \$5 million. The interim guidance should be used by airport sponsors when preparing BCAs for proposed projects which are subject to the BCA requirement.

Airport sponsors should use the interim "FAA Airport Benefit-Cost Analysis Guidance" when preparing BCAs for proposed projects. The FAA recognizes that, as experience is gained by using these procedures, additional improvements and modifications may be needed to be made in the criteria used to evaluate applications for LOIs and discretionary AIP grants. FAA intends to use this experience and comments received on the interim guidance in formulating a final guidance document. The period for comments extends for a period of one year from the date this notice is published in the **Federal Register**. After that time, the comments from airport sponsors and other interested parties will be considered, the guidance will be modified to incorporate those comments which will improve it, and the guidance will then be made final. The interim guidance will remain in effect throughout this period.

The FAA recognizes that airport sponsors have not yet had an opportunity to comment on the interim guidance and that project applicants will be reviewed, in part on associated BCAs. As a result, until the guidance is made final, the FAA will consider any supplemental material which the airport sponsor believes should be considered in evaluating LOI and discretionary AIP grant applications.

Issued in Washington, DC on June 18, 1997.

Paul Galis,
Director, Office of Airport Planning and Programming.

John Rodgers,
Director, Office of Aviation Policy and Plans.
[FR Doc. 97-16457 Filed 6-23-97; 8:45 am]
BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board
[STB Finance Docket No. 33414]

**Penn-Jersey Rail Lines, Inc.—
Acquisition and Operations
Exemption—WMI Properties, Inc.**

Penn-Jersey Rail Lines, Inc. (PENN), a noncarrier, has filed a verified notice of

Environmental Impact Statement (FEIS) as the preferred alternative. The FAA issued the FEIS on April 19, 1999. The FEIS analyzed two alternatives in detail. The first or No Action alternative would require physical replacement of the Baltimore and Dulles TRACONS, but would not consolidate the four facilities. The second or preferred alternative would provide full consolidation at one of two possible locations. The FEIS identified the preferred location as Vint Hill Farms.

FOR FURTHER INFORMATION OR TO OBTAIN A COPY OF THE RECORD OF DECISION

CONTACT: Mr. Joseph Champley, Project Support Specialist, Federal Aviation Administration, (800) 762-9531, Email: joe.champley@faa.gov.

The Record of Decision can be viewed on the Internet at <http://www.faa.gov/ats/potomac>.

Dated: June 3, 1999 in Washington, DC.

John Mayrhofer,

Director, TRACON Development Program.

[FR Doc. 99-14616 Filed 6-8-99; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Factors Affecting Award of Airport Improvement Program (AIP) Discretionary Funding

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice.

SUMMARY: The Federal Aviation Administration (FAA) reiterates four factors that may militate against a decision by the FAA to award AIP discretionary funding to an airport sponsor. These factors are: revenue diversion; delinquent submissions of financial reports; unsatisfactory progress on existing grant agreements; and use of AIP entitlements funds on low priority development as calculated under the FAA's National Priority System (NPS) equation.

FOR FURTHER INFORMATION CONTACT: Mr. Barry L. Molar, Manager, Airports Financial Assistance Division, APP-500, on (202) 267-3831.

SUPPLEMENTARY INFORMATION: The FAA manages the AIP in accordance with statutory direction and agency policies and criteria. Decisions to award discretionary grants are made on the basis of a number of factors, including project evaluation under the NPS. The Congress has directed that FAA take certain additional factors into consideration. The FAA hereby

provides notice and explanation of those factors, and the manner in which the FAA will consider them in making decisions on discretionary grants.

1. Improper Diversion of Airport Revenue

Airport sponsors receiving federal grants under the Airport Improvement Program (AIP) are subject to a number of statutory conditions, one of which restricts the use of airport revenue. The FAA published a notice of final policy and procedures concerning the use of airport revenues (64 FR 7696). The Notice defines proper and improper uses of airport revenue and describes actions the FAA may take to address improper revenue use.

It is the intent of the FAA to generally withhold AIP discretionary funding to those airports requesting such funding that are being investigated by the FAA for misuse of airport generated revenue. Airports qualifying under Title 49 U.S.C. 47107(b)(2) are exempted from this policy. This provision recognizes the rights of "grandfathered" airport sponsors to use airport revenues for other purposes. However, as discussed below, payments permitted under the "grandfather" provision may be considered a militating factor against the award of discretionary grants in certain circumstances.

General Rule

Title 49 U.S.C., Sections 47107(b) and 47133; generally requires airport revenues to be used for the capital or operating costs of the airport, the local airport system, or other facilities owned or operated by the airport sponsor and directly and substantially related to the actual air transportation of persons or property. If the FAA finds that an airport is not complying with this statute, after providing notice and an opportunity for hearing, and the sponsor does not take satisfactory corrective action, various enforcement actions are mandated or authorized. The enforcement actions affecting AIP funding that the FAA is authorized or required to take include any of the following, or combination thereof: withholding of future AIP entitlement and discretionary grants (49 U.S.C. 47106(d), 47111(e)); withholding approval of the modification of existing grant agreements that would increase the amount of AIP funds available (section 47111(e)); and withholding payments under existing grants (section 47111(d)).

Grandfather Provision

Under the "grandfather provision" of the revenue use requirement, sections

47107(b) and 47133(b), an airport operator may use airport revenues for local purposes other than those proscribed in sections 47107 and 47133 if a provision of law controlling the airport operator's financing enacted on or before September 2, 1982 or a covenant or assurance in an airport operator's debt obligation issued on or before September 2, 1982 provides for the use of airport revenues from any facility of the airport operator to support general debt obligations or other facilities of the airport operator. The statutory revenue-use provisions also permit local taxes on aviation fuel in effect on December 30, 1997 to be used for any local purpose.

Thus, the use of airport revenue for local purposes under these exceptions does not preclude the award of AIP grants to an airport operator. However, under 49 U.S.C. § 47115(f), the FAA must, in certain circumstances, consider as a factor militating against the distribution of discretionary AIP funding, the use of airport revenue for local purposes under the "grandfather provision." This militating factor applies only if the airport revenue so used in the airport's fiscal year preceding the date of the application for discretionary funds exceeds the amount of revenues used in the airport's first fiscal year ending after August 23, 1994, and adjusted for changes in the Consumer Price Index. In addition, the airport's failure to provide information needed by the FAA to determine whether Section 47115(f) applied to a specific grant application would prevent the FAA from making an evaluation required by Section 47115(f), and thus, would prevent the FAA from considering an application for discretionary funds.

2. Annual Financial Reports

Section 111(c) of the Federal Aviation Administration Authorization Act of 1994 (the 1994 Act) requires the Secretary of Transportation to submit to the Congress, and to make available to the public, in annual report listing in detail certain financial information requiring individual airport revenues and expenditures. The data is derived from reports by airport owners or operators, also required by Section 111(a)(19) of the 1994 Act. Under the authority of Assurance 26 of the Airport Sponsor Assurances, airport sponsors are required to submit annual reports. The FAA's September 10, 1998, Advisory Circular (AC) titled *Guide for Airport Financial Reports Filed by Airport Sponsors* specifies the report format and due dates.

Failure of an airport sponsor to file airport financial reports by the due date will cause FAA to withhold award of AIP discretionary funds. The sponsor will not be considered for discretionary funds until it provides acceptable corrective action and is determined by the FAA to be in compliance with the reporting requirements. If the FAA makes a determination that the sponsor is in noncompliance with Assurance 26, it may withhold all sources of AIP funding (both discretionary and entitlement). The FAA will suspend processing of discretionary grants (grants for funds not apportioned under Section 47111(e)) immediately upon determining that a sponsor's airport financial reports are overdue.

3. Progress on Existing Grant Agreements

As a general policy, the FAA encourages sponsors to take construction bids prior to submitting an application of AIP grants. Bid-based grants more accurately reflect actual project costs, allow for more efficient management of AIP obligations, and help to ensure sponsors proceed timely with projects. When AIP funds are obligated by a grant, airport sponsors are encouraged, to the extent practicable, to make timely AIP draw downs as they incur costs leading to completion of their projects. FAA financially closes AIP projects as soon as possible following physical completion of the project. Close adherence to this policy helps to ensure that AIP funds do not remain idle after they are obligated in a grant, that a sponsor complete projects in a timely manner, and that the need to amend grants to accommodate higher costs is minimized. This policy has been developed and applied by the FAA, prior to the advent of the AIP, to foster effective financial management of federal grant funds.

The airport sponsor's management of past AIP grants can influence FAA's consideration of AIP discretionary funds for proposed projects. Efficient and expeditious implementation by airport sponsors of past grant is encouraged. Factors which may militate against the distribution of discretionary funds include: failure to financially close a physically completed project in a timely manner; inability to commence or complete work under an approved grant in a timely manner; and, having an excessive number of open, uncompleted grants.

The FAA understands that there may be compelling that justify relaxation of the general policy in light of specific local factors. FAA will take these factors into consideration when evaluating

requests that contemplate the use of discretionary funds, and in accordance with FAA policy, thoroughly document exceptions to this general rule.

4. Sponsor Use of Entitlement Funds

The FAA encourages airport sponsors to use entitlement funds on the "highest priority" work at the airport as calculated under the FAA's National Priority System (NPS) equation. A detailed discussion of the NPS was published in the *Federal Register* Notice dated August 25, 1997, entitled *Revisions to the Airport Capital Improvement Plan (ACIP) National Priority System*. For purposes of determining whether sponsor entitlements are being used on high priority projects, the FAA will calculate the priorities of sponsor work items from the NPS equation. This policy helps ensure that AIP funds in the aggregate are used for projects that contribute most to the safety, security, capacity, and efficiency of the Nation's system of airports. Conversely, if sponsors use entitlement funds for lower priority projects and FAA agrees to use discretionary funds for the highest priority projects, the aggregate result of AIP investments is likely to provide less benefits to the national system than under FAA's policy.

Therefore, if the FAA determines that an airport sponsor is using its entitlement funds on low priority rated projects while requesting discretionary funds for higher priority rated work, the FAA may withhold discretionary funds requested by the sponsor.

As with a sponsor's rate of progress on existing grants, the FAA understands that there may be legitimate circumstances for a sponsor to use its entitlement funds for lower priority work. In addition, the FAA is fully cognizant that the NPS equation cannot always demonstrate the total benefit of a project to the airport or the national system. Consequently, the FAA will thoroughly evaluate a sponsor's justification prior to denying a request for discretionary funding on the basis of the sponsor's use of entitlements for lower priority projects. In accordance with FAA policy, such exceptions must be documented by the airport sponsor and submitted to FAA. Issued in Washington, DC on May 25, 1999.

Paul L. Galis,

Director, Office of Airport Planning and Programming.

[FR Doc. 99-14481 Filed 6-8-99; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Deadline for Submission of Application Under the Airport Improvement Program (AIP) for Fiscal Year 1999 for Sponsor Entitlement and Cargo Funds

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice.

SUMMARY: The Federal Aviation Administration (FAA) announces July 12, 1999, as the deadline for each airport sponsor to have on file with the FAA an acceptable fiscal year 1999 grant application for funds apportioned to it under the AIP.

FOR FURTHER INFORMATION CONTACT: Mr. Stanley Lou, Manager, Programming Branch, Airports Financial Assistance Division, Office of Airport Planning and Programming, APP-520, on (202) 267-8809.

SUPPLEMENTARY INFORMATION: Section 47105(f) of title 49, United States Code, provides that the sponsor of each airport to which funds are apportioned shall notify the Secretary by such time and in a form as prescribed by the Secretary, of the sponsor's intent to apply for the funds apportioned to it (entitlements). Notification of the sponsor's intent to apply during fiscal year 1999 for any of its available entitlement funds including those unused from prior years, shall be in the form of a project application submitted to the cognizant FAA Airports office no later than July 12, 1999.

This notice is promulgated to expedite and prioritize grants prior to the August 6, 1999, AIP expiration date as established by Public Law 106-31 (1999 Emergency Supplemental Appropriations Act). Absent an acceptable application by July 12, FAA will defer an airport's entitlement funds until the next fiscal year. Pursuant to the authority and limitations in section 47117(g), FAA will issue discretionary grants in an aggregate amount not to exceed the aggregate amount of deferred entitlement funds.

In prior fiscal years, FAA has had sufficient program flexibility to permit sponsors to provide notice later than the deadline date, or to use entitlement funds later in a fiscal year in spite of filing no notice to that effect. In FY 1999, however, FAA must make all discretionary grant awards prior to August 7, 1999, including discretionary grants of entitlement funds that are available to, but will not be used by, the airport sponsors to which they have been apportioned. Airport sponsors that