



## **700 - Grant Issuance**

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### **Typical Application Steps**

The FAA's offer of an Airport Improvement Program (AIP) grant agreement cannot occur until the sponsor satisfactorily fulfills all prerequisite steps. These include:

1. FAA approval of AIP participation in the project (i.e. project eligibility)
  - Costs are allowable per the AIP handbook (Order 5100.38D) appendix C and other sections.
  - Project work must be justified
  - Project must be located on airport owned property
2. Sponsor establishes that projects costs are reasonable and necessary
  - Projects costs are defined (i.e. through negotiations or competitive bids, not estimated)
3. Project conforms to applicable AIP standards such as, but not limited to the following:
  - Construction Standards (AC 150/5370-10)
  - Design Standards (AC 150/5300-13)
  - Procurement Standards (Chapter 3, Section 10 of the AIP handbook, Order 5100.38D).

After fulfilling the prerequisite actions, the sponsor will subsequently submit a formal application for federal assistance using the SF-424 form and the support documentation outlined later in this section. The FAA will review the sponsor's application for federal assistance to determine if it is complete and accurate.

Subject to meeting these requirements and contingent upon congressional release of funds, the FAA will issue a grant offer that addresses a specific work description for a specific federal share amount.

### **Limitations of Use**

Users of this guide shall note the obligation for any required action addressed within this guidance originates within applicable Federal directives such as United States Code (USC), Public Law (PL), Code of Federal Regulations (CFR) and official FAA policies. The supplemental information provided in this guidance does not establish additional requirements for participation in the AIP. In the event there is a discrepancy between this guidance and current AIP policy, AIP policy shall always take precedence.



## **710 - Project Initiation**

### **Project Initiation Letter (Go Letter)**

When the FAA recommends AIP funding for a sponsor requested project, the FAA program manager will contact the sponsor to advise them that AIP funding appears favorable for their specific project. This notice, commonly referred to as the "Go Letter", is simply a notice to the sponsor that funding for the project is favorable for the upcoming fiscal year. This is largely a courtesy letter that conveys FAA expectations for successful grant implementation. Sponsors do not have to wait for the FAA to issue this letter in order to commence preliminary project activities.

### **Purpose of Letter**

The purpose of the "Go letter" is to advise the Sponsor to initiate actions that allow them to establish defined project costs by the dates stated in the letter.

The "Go letter" will identify critical target dates for select project tasks such as selection of a consultant, submittal of the Construction Safety and Phasing Plan, submittal of project plans and specifications and the bid opening date. Upon receiving this letter, the sponsor should initiate necessary actions to meet these target dates, especially for long lead-time items.

### **Limitations of "Go Letter"**

Sponsors must not construe the project initiation letter as a commitment of federal funds. Receipt of this letter does not represent any implied or explicit guarantee that their location will receive AIP funds.

The official notification that the Sponsor will receive federal funds for a specific project occurs with the "Congressional Notification" for the release of funds. Prior to receiving the Congressional notification of funding, it is very important that the Sponsor construe all actions as a sponsor initiative instead of a confirmation of AIP funding.

### **Sponsor Actions**

Upon receipt of the "go letter", the sponsor should take action to initiate select tasks necessary for the project. The sponsor should evaluate the initial project schedule identified in the "Go Letter" to determine if they will be able to meet the deadline dates. The Sponsor should coordinate any modifications of this project schedule with the FAA program manager. Significant delays may require adjustments to the project or even postponement to a future fiscal year.

Given that the AIP is a reimbursement-type federal assistance program, the sponsor will incur project formulation costs well in advance of any confirmation of federal funding. Sponsors will not be able to seek reimbursement of such costs until a formal grant agreement is in place.

Sponsors do incur a risk by realizing costs ahead of a grant agreement. If project changes occur that result in the FAA not issuing a grant agreement, the preliminary costs the sponsor may have incurred are not eligible for reimbursement. AIP will only participate in the minimal costs necessary to carry out the work in a manner that results in a useable unit.

### **Grants Based on Defined Costs**

Current FAA policy requires the FAA program manager to base grant offers on defined project costs as opposed to estimated costs. Establishing grant offers based upon defined costs permits the efficient distribution of limited AIP funds. Conversely, basing grant offers off estimates has historically resulted in excessive funding for a project. Having excessive funds within a grant agreement represents inefficient utilization of limited AIP funds as other locations may be unable to proceed with their project as a result.

As a rule, the FAA will not issue a grant offer to a sponsor of a development project until they receive competitive bids and establish a construction phase services agreement, thus substantially defining the project budget.



## **720 - Project Application**

### **Timing of Application**

The Sponsor's submittal of a complete project application is a prerequisite for issuance of a grant offer. Sponsors may submit a project application at any time. However, due to the current FAA policy of issuing grant offers based upon defined costs, we recommended that Sponsors submit the project application after they receive bids for the project. This allows the sponsor to submit a project application that addresses the actual required federal share.

### **Grant Application Components**

Presently, the application process involves the submittal of an SF-424 form along with the documentation outlined below.

In order to be acceptable to the FAA, a Sponsor's project application must be complete and accurate, including all required information and attachments. An authorized official of the sponsor must sign and date the SF-424. The sponsor shall email or mail three (four for NE) copies to the FAA program manager.

An example grant application is included in [Standard Operating Procedure \(SOP\) 6.00](#). This example may be helpful in guiding sponsors through what submittals are required.

The application requirements for the various project types are as follows:

- [SF 424 Application for Federal Assistance:](#)
- [Form 5100-100, Parts II-IV:](#)
- Sponsor Certifications
  - See sponsor guide section 0800
- E-sign form

### **Application Limitations**

If changes in the project budget require an upward adjustment in the requested federal share, the sponsor must submit an amended project application to reflect the revised federal share. We encourage sponsors to contact the FAA program manager to address any questions regarding the preparation of a project application.

### **Application Deadline**

Each year, the FAA establishes a deadline date for sponsors to notify the FAA of their intent to use their entitlement funds for that fiscal year. The FAA will publish this deadline date as a Federal Register Notice sometime in January or February of that fiscal year.

Although this date may change slightly from year to year, the typical deadline date is around April 1st for entitlement only grants and June 1st for grants receiving discretionary funding. Sponsors should strive to submit their application based on received bids by this published deadline date. Also, sponsors should strive to meet the schedule outlined by the FAA project initiation letter (aka Go Letter).

Sponsors that fail to meet a published date jeopardize their inclusion in the current fiscal year program. This may result in postponement of their project until a future fiscal year.



## **730 - Grant Assurances**

### **Purpose**

When airport owners, planning agencies, or other organizations accept AIP funds, they must agree to accept certain obligations. These obligations require the grant recipient to maintain and operate their facilities in a safe and efficient manner and in accordance with specified conditions. The SF-424, *Application for Federal Assistance* contains a certification statement that asserts the sponsor agrees to comply with applicable AIP grant assurances and accepts these obligations as a condition of accepting the grant offer.

### **Duration of Obligation**

We advise AIP Sponsors to retain a copy of the grant assurances for each project they accomplish under the AIP. Certain obligations imposed by the grant assurances will extend beyond the completion of the project work. The duration of these obligations depends on the type of recipient, the useful life of the facility under development and other conditions as stipulated in the assurances.



## **740 - Executing the Grant Offer**

### **Legal Binding Agreement**

The FAA issuance and sponsor's subsequent acceptance of an AIP grant offer represents a legal binding agreement between the sponsor and the United States of America. The sponsor must be legally, financially and otherwise able to assume and carry out the certifications, representations, warranties, assurances, covenants and other obligations set forth within the grant offer.

The sponsor must have the legal authority to act as the grantee. Proper execution of a grant agreement requires a confirmation from the sponsor's attorney attesting to the sponsor's legal authority to act as a grantee and carry out the responsibilities under the grant agreement.

### **Executing the Grant**

The following section outlines a typical sequential guideline for executing the grant agreement:

1. Upon receipt of the grant offer, the Sponsor should carefully review the terms and conditions set forth in the agreement. The Sponsor should note the date at which the FAA's offer of a grant will expire.
  - **Do not add, delete, or otherwise alter any part of the FAA's offer.** Such modification will void the FAA's offer of assistance.
  - Sponsors with specific questions about the terms and conditions of the agreement should contact the FAA program manager to discuss the concern.
2. The sponsor should take appropriate action to formally approve or disapprove acceptance of the grant offer. In the case of co-sponsors, each governing body will need to take appropriate action to formally approve or disapprove the acceptance of the grant offer.
3. Assuming the sponsor's governing body accepts the grant offer, a sponsor's

authorized representative must sign all copies of the grant agreement.

4. **After execution of the agreement** by the sponsor's authorized representative, the sponsor's attorney must certify that the sponsor's acceptance complies with state and local law and that it constitutes a legal and binding obligation of the Sponsor.
  - **CAUTION:** If the sponsor's attorney dates the certification prior to the execution by the sponsor's authorized official, the FAA will deem the sponsor's certification invalid and the agreement will be returned for re-certification by the sponsor's attorney.
5. Following certification by the attorney, the sponsor shall accomplish the following:
  - Email a pdf copy of the signed grant agreement to the FAA program manager. This initial submittal only requires the cover sheet through the signature sheet.
  - Mail one copy of the executed agreement with original signatures to the program manager. This submittal must include all attachments to the original offer.
  - The sponsor shall retain one copy for their records.

### **Reimbursement of Eligible Costs**

Sponsors should note that they cannot seek reimbursement of incurred eligible costs until the executed grant agreement is returned to the FAA. Upon receiving the executed grant, the FAA will evaluate the sponsor's acceptance of the agreement.

If acceptable, the FAA will initiate the process to enter the agreement into the FAA accounting system. The sponsor typically will be able to make drawdowns on incurred eligible costs within 5 business days of FAA acceptance of the grant.