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## Land Reimbursement Credit Calculation

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### ABC Airport - Obstruction Study

ABC Airport, a private sponsor in New York State, wishes to perform an obstruction study. The initial project costs associated with the study total to \$100,000. New York State will be contributing half of the non-federal share, or 5%. ABC Airport has met all requirements for previously acquired land virtual contribution.

Cost	Amount
Administrative	\$1,000
Obstruction Study	\$99,000
<b>Initial Project Cost</b>	<b>\$100,000</b>

**Federal Share = 90% = \$90,000      State Share = 5% = \$5,000      Sponsor Share = 5% = \$5,000**

The Initial Project Cost should include the 100% value of every eligible expense to be incurred under the grant aside from land credit value. From here, calculate the land value which must be virtually contributed by the sponsor as a credit against the sponsor share.

**Land Value Needed for this Grant = Sponsor Share in \$ / Federal Share % = \$5,000 / 90% = \$5,556**

ABC Airport must refer to the obstruction study as the project to be accomplished under the grant, and show the previously purchased land as an item that will be used as a credit against the sponsor share.

**Application Amount = Initial Project Cost + Land Value Needed for the Grant = \$100,000 + \$5,556 = \$105,556**

The Federal share in New York generally cannot exceed 90% of the *total* project costs. The land value to be used as a credit was added to the Initial Project Cost to arrive at an Application Amount which, when multiplied by 90%, gives a Grant Amount equal to 95% of the Initial Project Cost.

**Grant Amount = Application Amount \* Federal Share % = \$105,556 \* 90% = \$95,000**

The FAA will contribute \$95,000 to the project. The virtually contributed land credit will be funded under the Obstruction Study work code and no funds will be assigned to a Land Acquisition work code.

**SP OT OB (Remove Obstructions): \$95,000**

**IMPORTANT:** Grant Description Credit amount must be the virtually contributed land credit, not the sponsor share.

ABC Airport received a Fair Market Value (FMV) appraisal of \$19,840 per acre for Parcel #01.10-03.

**Land credit acreage = \$ Value of Credit needed / FMV per acre of Parcel = \$5,556 / \$19,840 = 0.28 ac.**

**Grant Description should read:** "Obstruction Study, including a credit of \$5,556 for the complete sponsor share for the partial value of Parcel #01.10-03 (0.28 acres +-)"

**\*\*Please see AIP Handbook, Chapter 4-12 for further guidance\*\***