



FAA
Southern Region Airports Division

Benefit Cost Analysis (BCA) Requirements for Letters Of Intent (LOI)

(Based on FAA Office of Aviation Policy & Plans guidance)

Do

- Do prepare the BCA early in the planning process so it can be a useful part of decision-making.
- Do develop enough alternatives so FAA can tell that all the important alternatives were considered and no important ones were excluded.
- Do structure your BCA so the FAA can determine the economic impact of the Federal investment and its alternatives.
- Do use the forecast for operations and enplanements in the FAA's latest Terminal Area Forecast (TAF). If you think you have better numbers, coordinate them with the FAA before you use them.
- Do include only benefits and cost savings that are aviation related (e.g., reductions in aircraft variable operating costs or reduction in passenger travel time due to delay reduction, increased revenue at airports due to more passenger traffic, decreased cost of air travel due to increased competition).
- Do quantify and include system capacity benefits, if possible.

Don't

- Don't wait until you are ready to submit the LOI before submitting the BCA.
- Don't include benefits that can be categorized as economic impacts to the local community (i.e., the multiplier effect of funds spent on airport construction extending out into the locality).
- Don't ignore the impact on other parts of the system. An improvement at one airport may decrease delay at another airport. Similarly, it may simultaneously increase en route delay in already oversaturated parts of the system.
- Don't include just the capital cost of the project or just the LOI amount requested in the cost section of the BCA. Also, include the operation and maintenance costs associated with the alternatives and any new costs that will be imposed on the FAA (e.g., additional controllers or relocation of towers) as a result of the alternatives being implemented.
- Don't use the results of a model that generates delay time savings without examining the results to see if they make sense.