

# Managing Expectations for FY 2017

## Legislative Uncertainty

Presented to: 2016 FAA – Airports Workshop

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Federal Aviation  
Administration



# Objectives

- Provide recap of the FY 2016 AIP program and outlook for FY 2017
- Touch on a potpourri of topics
- Provide opportunity to hear your feedback, thoughts, questions, etc.

# Governing Legislation

- **The President signed the *FAA Extension, Safety, and Security Act of 2016* on July 15, 2016, P.L. 114-190**
  - ❖ 1-year extension to FAA reauthorization bill
  - ❖ Authorizes \$3.35 billion for AIP (FY 2017)
    - Still subject to annual appropriation bill
- **The President signed the *Continuing Appropriations and Military Construction, Veterans, and Related Agencies Appropriation Act, 2017*, on September 29, 2016, P.L. 114-223**
  - ❖ Appropriates prorated share of AIP through December 9, 2016
  - ❖ Continuing Resolution (CR) sets obligation limit (\$639 million)

# FY 2017 - AIP

The *Extension* provided obligation authority for \$3.35 billion through FY 2017. However, through the CR passed by Congress, the AIP was only appropriated a prorated share through December 9, 2016.

What does this mean?

1. This does not provide enough funding to calculate apportionments required by AIP statute.
2. Financial drawdowns for existing grants can continue.
3. Amendment & Close-out actions on existing grants is permitted.

**Note:** In FY 2016, a record number of airports decided to defer grants until future years. Significant impact for FY 2017.

# FY 2016 AIP Recap

## Nationally:

- Awarded 2,098 grants totaling \$3.328 billion
  - ❖ approx. 65% to Primary Airports, 35% to Non-Primary Airports

## Southwest Region:

- Awarded 257 grants totaling \$430 million (13% of national budget)
  - ❖ approx. 65% to Primary Airports, 35% to Non-Primary Airports
  - ❖ Closed 180 grants while 638 grants remain open

# FY 2016 AIP Recap

## Where did the money go? (Nation/Region)

- Runways: \$1.1 billion/\$97 million (34%/23%)
- Taxiways: \$676 million/\$91 million (21%/25%)
- Aprons: \$375 million/\$72 million (11%/18%)

**Pavement accounts for approximately 66% of all AIP funding!!**

**Note: ASW \$ does not include TX SBGP apportionment**



# AIP Funding Breakdown

➤ **Three types of funding:**

1. Apportionments (formula driven to AIP)
2. Discretionary (set-asides & minimums)
3. Apportionment/Discretionary Hybrid

60% of AIP

40% of AIP



# AIP Apportionments

## ➤ Passenger Entitlements

- ❖ Formula based on # of annual passenger boardings
  - \$1M min and \$22M max

## ➤ Cargo Entitlements

- ❖ 3.5% of AIP (100 million lbs landed cargo rate)
  - 8% max/airport

## ➤ State Funding

- ❖ State Apportionment (20% of AIP)
  - Based on state population and land mass
- ❖ Nonprimary Entitlement (lesser of 1/5 of 5-year NPIAS development or \$150K)

## ➤ Alaskan Supplemental



# AIP Apportionment/Discretionary Hybrid

## ➤ Small Airport Fund

- ❖ Made up of 87.5% of returned passenger entitlements from large and medium hub airports
  - \$3 PFC = 50% turnback
  - \$4/\$4.5 PFC = 75% turnback
- ❖ Small Hub airports get 1/7
- ❖ Non Hub airports get 4/7
- ❖ General Aviation get 2/7



# AIP Discretionary

## ➤ Set-Asides

- ❖ Noise (35% of amount remaining after apportionments)
- ❖ Reliever (0.66% of amount remaining after apportionments)
- ❖ MAP (4% of amount remaining after apportionments)

## ➤ Minimums

- ❖ Capacity/Safety/Security/Noise (C/S/S/N)
  - 75% of remaining after set-asides (+) 2/3 of 12.5% returned ent.
- ❖ Pure Discretionary
  - 25% of remaining after set-asides (+) 1/3 of 12.5% returned ent.

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## Mission

**To provide the safest, most  
efficient airport system in the  
world!**





## How do we contribute?

***Timely conversion of Aviation Trust funds into System Improvements (funds sitting idle in the Trust Fund does not provide any benefits)***

1. Instill good general & capital planning practices.
2. Award grants and start construction in the same year.
3. Monitor grant expenditures
4. Aggressively seek physical and fiscal closure of open grants 4 years and older



# 1. General & Capital Planning

- **It all starts with a good Airport Layout Plan (ALP).**
- **An ALP helps us understand short/mid/long term needs (i.e, ODOs).**
- **Understanding an airport's needs helps us build the NPIAS.**
- **The NPIAS gives us a better understanding of total system costs.**
- **Understanding needs and associated costs allows us to prioritize in accordance with our goals and objectives. (i.e., capital planning)**



## **2. Award grant and start construction in same year**

- **Good capital planning leads to being able to set realistic expectations.**
- **Setting realistic expectations helps everyone commit to a schedule.**
- **Committing to a schedule insures timely grant awards.**
- **Timely grant awards leads to construction beginning in the same year.**



## 3. Monitoring Grant Expenditures

- **Construction beginning gives us an opportunity to start monitoring construction progress.**
- **Construction progress allows the airport to set expectations for the users.**
- **Those expectations can then allow us to start thinking about close-out procedures.**



## 4. Closing Grants

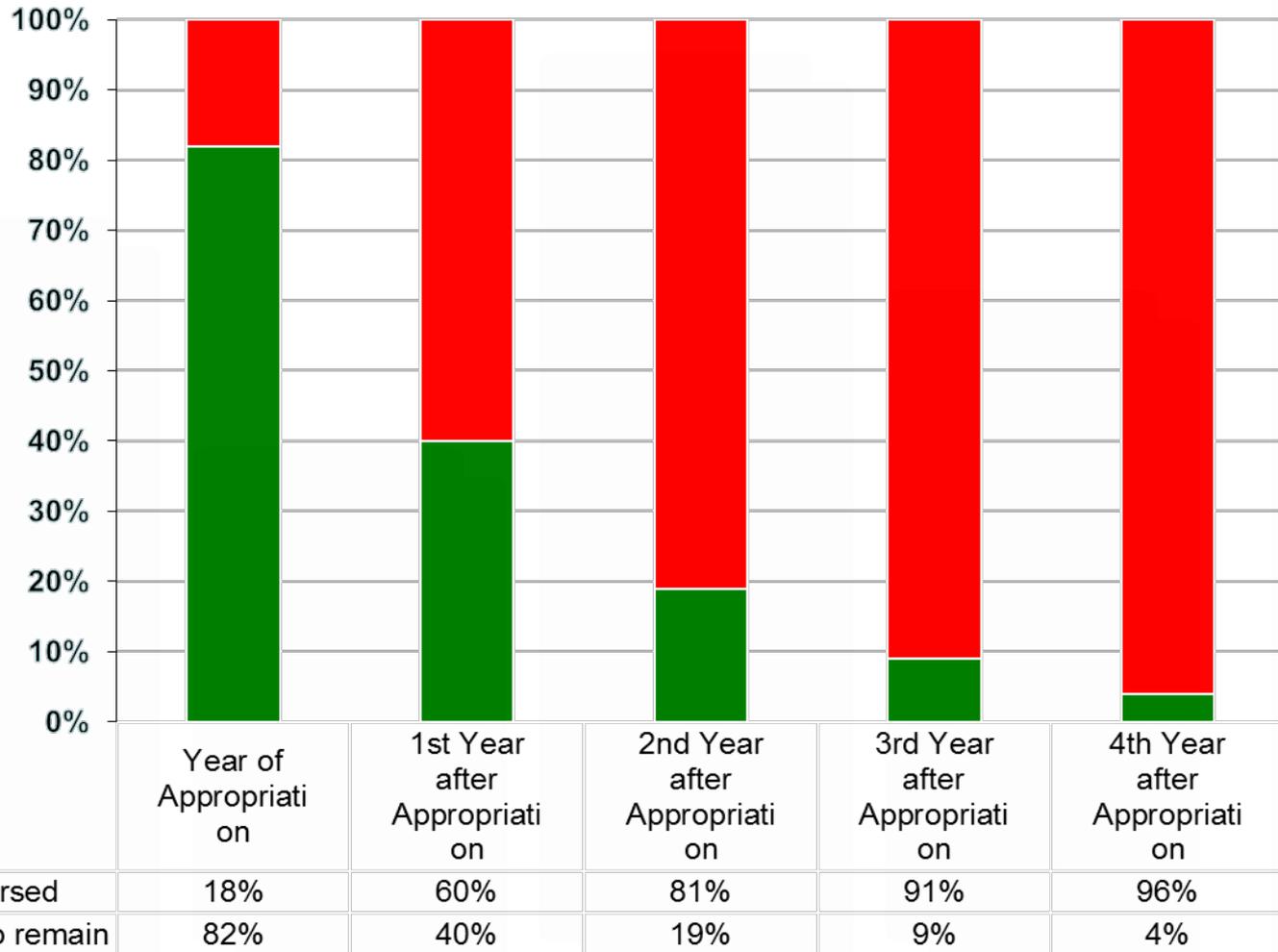
- **Closing grants represents aviation need has been realized!!!!**



## So how can we accomplish these steps?

- **Airport Sponsor Grant Expectation guide (ASGE)**
  - ❖ Helps us set schedule/documentation expectations
- **Overall Development Objective (ODO) Data Sheet (or equivalent)**
  - ❖ Helps us fully understand the need
- **Capital Improvement Plan (CIP) form (or equivalent)**
  - ❖ Helps us understand the sponsor's funding expectations
- **Office of Management & Budget (OMB) Outlay Rates**
  - ❖ Helps us monitor construction progress
- **Inactivity letters**
  - ❖ Helps motivate sponsor's to make timely drawdowns

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# So what do we do?





## FY 2017 Formula for Success

- **We continue to promote good Capital Planning Principles!**
  - ❖ Environmental, DBE, construction safety, airspace, design, etc.
- **Continue to communicate with your PM!!**
  - ❖ Setting expectations through a specified schedule
- **Schedule must show all pre-requisites to be completed by May 1 (or other date specified by ADO) in order to receive a grant in FY 2017.**



# What are the primary reasons for capital planning?

- 1. Allows positioning of project for early bid based grant award**
  - Grants awarded and construction started in same fiscal year
  - Prevent competition with highway bid letting
- 2. Helps create expectations for future funding**
  - Gives FAA opportunity to meet apportionment shortfalls
  - Allows sponsor to create early dialogue with decision-makers
- 3. Serves to identify any “show stoppers” in time for potential remedy**
  - Environmental, airspace, NAVAIDS, etc.
- 4. Identifies high priority regional needs for national consideration**
  - Increases ASW’s ability to justify discretionary needs



## 3 Years before Construction (Projects Planned for FY 2020)

### **“Planning Stage”**

- Re-assess and/or update Airport Master/System Plan
  - ❖ Ensure project purpose and need is established
- Identify potential resources (AIP/PFC/State/Local)
  - ❖ Plan with realistic expectations
- Establish/update planning cost estimate
- Determine the type of environmental action required (CE/EA/EIS)
- Evaluate NAVAID/Facility impacts



# 2 Years before Construction (Projects Planned for FY 2019)

## “Initiation Stage”

### ➤ **Select consultant**

- ❖ Start preliminary engineering

### ➤ **Initiate:**

- ALP Update
- Reimbursable Agreement
- Approach Procedures
- Environmental Review (CE or EA)
- DBE plan
- Benefit-Cost Analysis (BCA)



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# 1 Year before Construction (Projects Planned for FY 2018)

## “Design Stage”

- **Prepare Plans and Specifications**
  - ❖ Design only grant?
  - ❖ Important to include Additive/Deductive Alternates
- **Develop/Coordinate Safety Plan**
- **Finalize:**
  - ❖ ALP Update, Environmental Determination, Airspace Coordination, DBE, Reimbursable Agreement, BCA
- **Coordinate, Coordinate, Coordinate**





# Implementation Year

## (Projects Planned for FY 2017)

### **“Implementation Stage”**

- **Advertise, Secure Bids**
- **Submit Grant Application - May 1 (or other date specified)**
- **Accept Grant**
- **Award Contract**
- **Issue NTP**
- **Construct**



## **Our message doesn't change!**

- 1. Start early.**
- 2. Commit to a schedule.**
- 3. Provide documentation for timely review.**
- 4. Design 1-year before planned construction.**
- 5. Accept grant and begin construction immediately.**



# Thank You!

