



**Federal Aviation
Administration**

American Recovery and Reinvestment Act of 2009

Overview of \$1.1B Economic Recovery Grant Program

Presented to: 2009 ANM Airports Conference

By: David C. Suomi Manager
Airport Improvement Program
Washington, DC

Date: March 18, 2009





Economic Recovery Funding

- **American Economic Recovery and Reinvestment Act – Enacted February 17, 2009.**
 - ❖ Provides a total of \$48.1 billion to be administered by DOT

- **The purposes of the law include**
 - ❖ To preserve and create jobs
 - ❖ Promote economic recovery, and
 - ❖ Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.



AIP and ARRA Differences from 30,000'

➤ **Airport Improvement Program (AIP)**

- ❖ \$3.5B grant program / 2,000 grants per year (2,500 in FY-08)
- ❖ Two Basic Fund Types
 - **Entitlement** – Formula amount that must be made available to specific airports or states based upon a metric for any eligible work
 - **Discretionary** – Allocated based on FAA decisions re national priority
 - Subject to specific set-asides: noise, reliever and Military Airport Program
 - Capacity/Safety/Security/Noise – definition specific use
 - “Pure” discretionary – Any eligible use

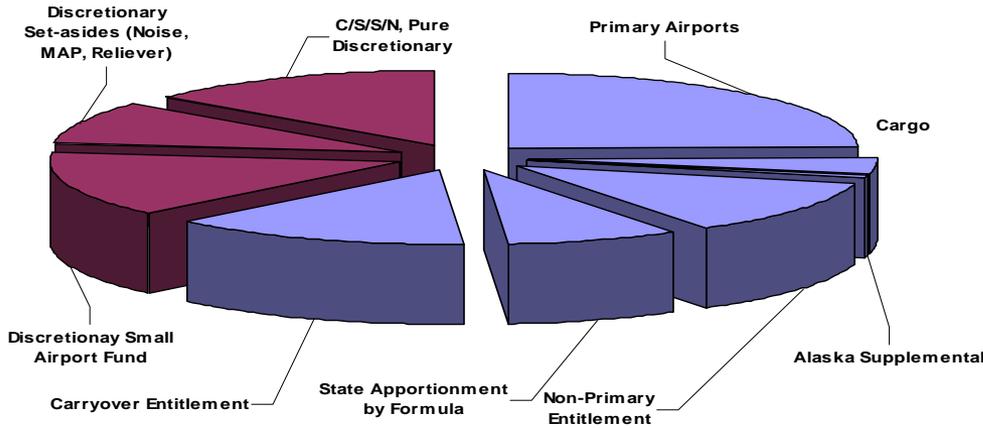
➤ **American Recovery and Reinvestment Act (ARRA)**

- ❖ \$1.1B grant program / expect 300 grants
- ❖ Economic Recovery funds are pure discretionary.
- ❖ General Fund dollars, not Aviation Trust Fund dollars

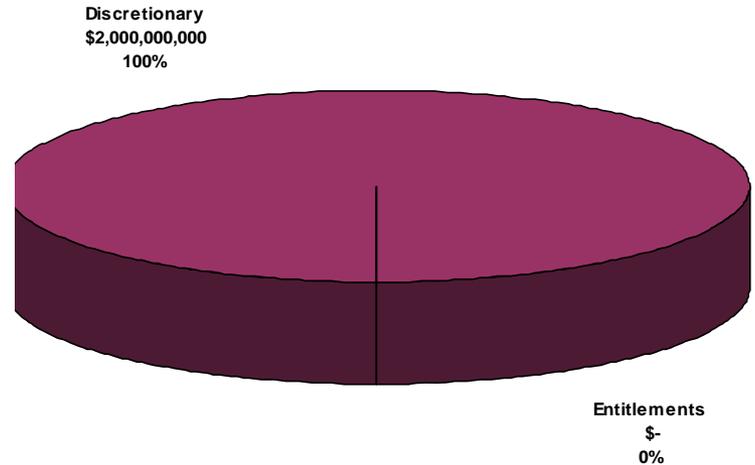


Normal AIP vs. Economic Recovery Funding Types

Typical AIP Funding



Economic Recovery Funding





Normal AIP Funding Distribution

➤ **Three-to-five year disciplined process**

- ❖ 1st – Development needs identified in 5-year NPIAS
- ❖ 2nd – Projects moved to Region's 3-5 year Airports Capital Improvement Plan. (National priorities are established via a robust, analytical, audit-tested priority rating tool.)
- ❖ 3rd – Regions' ACIPs are rolled into National ACIP.
- ❖ 4th – Available funds are distributed to Regions by vetted formula that considers regional needs, type facility and activity.
- ❖ 5th – Regions fund vetted, high priority, *ready-to-go* projects.





Economic Recovery (ER) Funding Distribution

- **Normal process ...plus other considerations**
 - ❖ Higher priority, *Ready-to-Go*” Projects (Ready-to-Go means environmental complete, planned, designed, bid, Notice to Proceed, & no foreseen obstacles)
 - ❖ Mindful of relative parity with historical distribution
 - ❖ Address or explain unusual distribution inequities
 - ❖ Special Emphasis Initiatives (Non-hub terminal, Voluntary Airport Low Emission projects)



ER Program - As Enacted

- **\$1.1B, pure discretionary, no local match**
- **Limited ability to amend**
- **Mandated deadlines (50% awarded in 120 days, projects complete in two year.)**
- **Robust transparency and reporting**
- **At \$1.1B, ER program is oversubscribed with high priority, Ready-to-Go projects**
- **Health Warning: Unlike AIG and TARP funding, will be one of the most audited programs in history.**





Economic Recovery Funding

➤ Exceptions to normal AIP requirements...

- ❖ The law requires that economic recovery funds supplement and not supplant planned expenditures from airport-generated revenues or from other State and local sources for airport development activities.
 - This language prevents planned FY 2009 projects from being considered for ARRA funding.





Economic Recovery Funding

➤ **Special Grant Conditions (6) in Grant Offer**

- ❖ Compliance with Special Reporting Requirements
- ❖ Contract and Notice to Proceed
- ❖ Grant Closure (FAA unilateral closure)
- ❖ Drawdowns
- ❖ Project Completion
- ❖ Amendments (no Amendments after Sept. 30, 2010)



Where We Are Today...

➤ Project selection approach

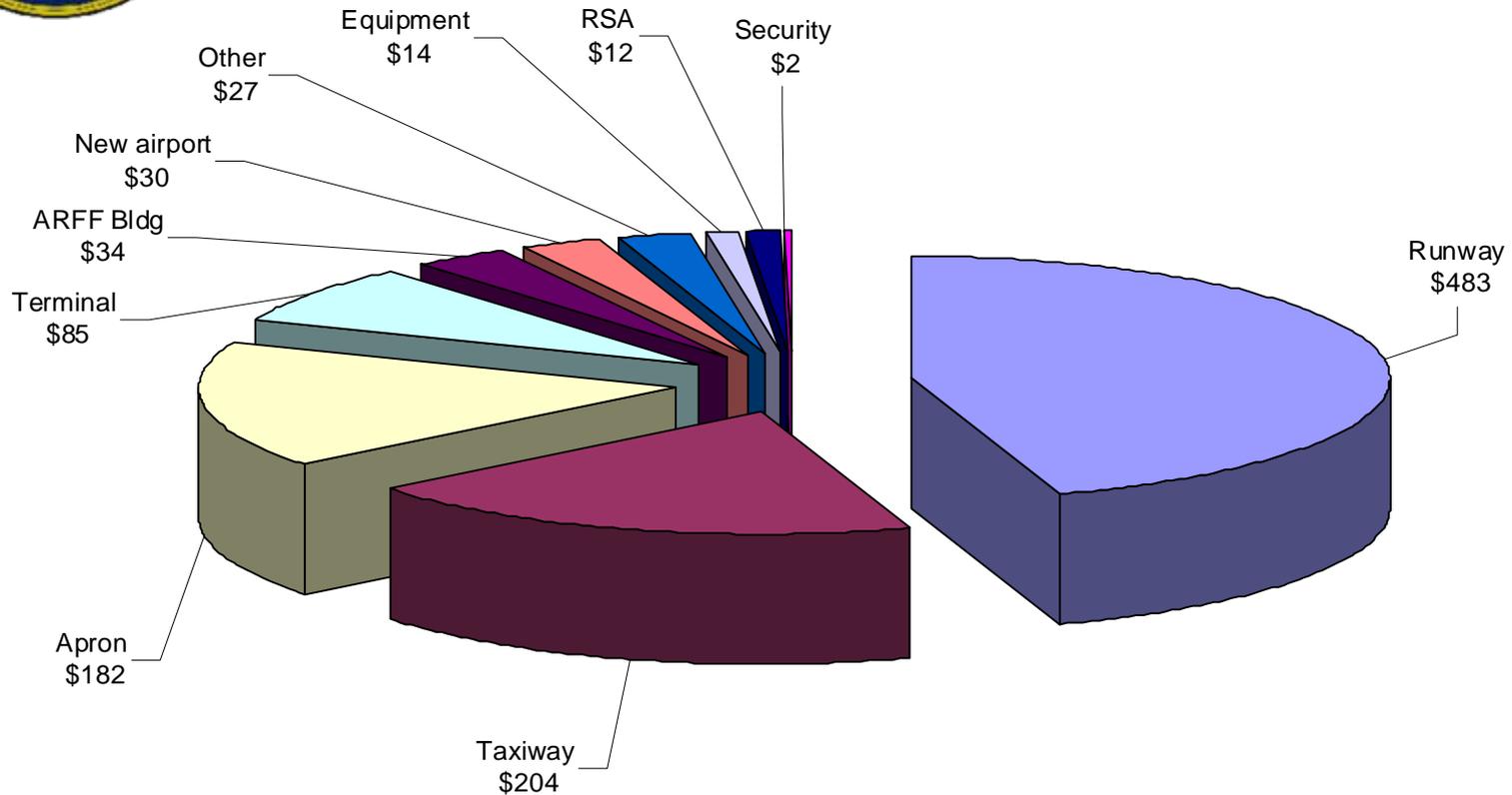
- ❖ High “national priority” bar to identify candidate pool (62 vs. 41 normal NPR)
- ❖ Candidate pool dramatically exceeded \$\$\$ available
- ❖ Regions selected from highest priority, ready-to-go projects from pool to fit funds available





ARRA Projects by Category

(millions)





Ready-to-Go Defined

- **Has an environmental determination;**
- **Requisite airspace approvals received;**
- **On the airport's approved Airport Layout Plan;**
- **Completed FAA-approved benefit-cost analysis;**
- **Design substantially complete;**
- **Bid prior to the time of Grant Offer;**
- **Issue a NTP within 30 calendar days of Grant Offer;**
- **Is projected to be complete no later than February 16, 2011;**
and
- **Certifications as to bid, Buy American, NTP and ARRA certification requirements**



Final Results

- **Traditional regional blend**
- **Reasonably good State representation... but a few (3-4) outliers**
- **Reasonable service level mix... but slightly light on large/medium primaries, slightly heavy on GA**
- **High project priority**
- **Few “exceptions” to national priority level**
- **Defendable story to OIG and other oversight agencies**





Economic Recovery Funding Resources

Stakeholder Guidance and FAQs are available at the following website:

http://www.faa.gov/airports_airtraffic/airports/aip/media/FY09_aip_arra_guidance.pdf

