



U.S. Department
of Transportation
**Federal Aviation
Administration**

Memorandum

Subject: Program Guidance Letter 86-7

Date: AUG 11 1986

From: Manager, Grants-in-Aid Division, APP-500

Reply to
Attn. of

To: PGL Distribution List

86-7.1 Cost/Benefit Analysis for AWOS - Ben Castellano (267-8822).

Attached (to the Regional Airport Division PGL copy only) is the latest cost/benefit analysis for AWOS 1, 2, and 3. The list includes only nontowered and non-Federal towered airports. To date only AWOS 1 may be funded since neither a visibility sensor nor a cellometer has been approved. If an airport qualifies for an AWOS 2 or 3, and since the system is modular, we could fund the additional sensors when they are certified at a later date. Please refer to PGL-86-5.1.

86-7.2 Use of Airport Revenue - Ed Williams (267-8809).

We have had several inquiries regarding our recent policy on revenue use and how we plan to implement it (See PGL 86-4.4). The following are some general comments and principles to be considered in discussions with sponsors.

As the notice states (copy enclosed), we believe it appropriate to consider a sponsor's use of airport revenue in conjunction with discretionary funding decisions. A sponsor's use of airport revenue for non-airport purposes could be an indicator that the sponsor has the capability to fund a project without discretionary assistance. Because of the intense competition for discretionary funds for equally important work, and the need to get the maximum benefit from those funds on a system-wide basis, revenue use is a reasonable factor for consideration in program decisions.

Both the Congress and the OIG have indicated a need to consider a sponsor's financial capability when making decisions on discretionary funds. Because of the complexity of determining financial condition (this could include bonding capability, rates and charges, revenue use, disposal of property, etc.) as well as our view that the Act (AAIA) does not contemplate an examination of an airport's overall financial status in conjunction with funding decisions, we have not accepted this approach other than the general reference in the annual program letter. Instead, we consider the airport revenue use policy to be a more manageable approach in fully keeping with the intent of the Act.

The Act specifically addresses airport revenue use in section 511(a)(12). A sponsor certainly has the authority to use airport revenue on other transportation facilities it owns and operates and the policy is no way intended to nullify this statutory provision. However, a grant of AIP discretionary funds to an airport which sends revenue off the airport may be viewed as an indirect subsidy of non-airport facilities using aviation trust funds. We do not consider this equitable. Further, we do not believe the Act vests in any airport a right to discretionary funds. Discretionary decisions are delegated to the FAA to carry out the purposes of the Act and are made based on various factors including project priority, urgency, system impacts, as well as limited funds availability.

The application of this policy must be on a case-by-case basis since each airport is different. We are not requesting a special audit of all obligated airports, but instead intend that it be a consideration at airports where this is a known or suspected practice. If this is the situation, we suggest it be discussed with airport officials. In such cases, point out our rationale but also allow sponsors an opportunity to explain local practice. If necessary, you may need to remind airports that assurance no. 26 permits the FAA to request, within reason, special financial reports which could outline the source and use of revenue.

As mentioned in PGL 86-4.4, we ask that you consult with us while we gain more experience. We realize this is a new, sensitive, and probably difficult area, but believe it to be a necessary course to follow.

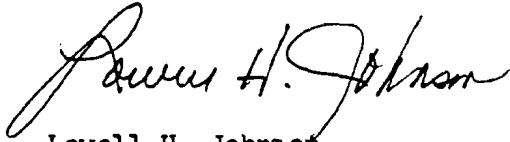
86-7.3 Runway End Latitude-Longitude-Elevation in System Planning - Dick Rodine (267-8825).

We have determined that system planning studies to provide the latitude, longitude and elevations of runway ends are not eligible for AIP funds. This is consistent with our philosophy outlined in PGL 86-6.1. While we are aware of the important benefit of this information to FAA through providing a data base for the obstruction evaluation computer analysis, it would be inconsistent with the definition of system planning in the Airport and Airway Improvement Act of 1982.

An FAA funded contract effort (ADM Program) to obtain this information on a nation-wide basis for airports with non-precision instrument approaches is underway. Additionally, funds have been requested in the FAA's FY 1987 budget (F&E funds) to begin the first of a three year nationwide effort to collect this information for the remaining public-use airports that have hard surfaced runways. As proposed, this effort will result in surveyed data that will have a common national data base and an accuracy level acceptable to FAA for all purposes (+ 1 meter on runway end coordinates, + .1 foot on elevation). Mike Harrison (AAS-300) is the primary contact point in ARP for information concerning these contract efforts (telephone 267-8733).

86-7.4 Internal FAA Coordination - Ben Castellano (267-8822).

Recently we were made aware of several occasions where sponsors commenced development projects on airports without the local air traffic control people being aware of the impending construction. This to remind our Airports field offices that according to paragraph 1210b(2) in the AIP handbook, they should assure all appropriate FAA offices, etc. are notified of the project. This is not to imply that this is not being done, but rather serves only as a reminder.



Lowell H. Johnson

Canceled

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